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# USSR Report

ECONOMIC AFFAIRS

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**USSR REPORT  
ECONOMIC AFFAIRS**

**CONTENTS**

**ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT**

- Important Economic Conferences Reviewed  
(EKONOMIKA I MATEMATICHESKIYE METODY, No 4, Jun-Aug 84)..... 1

- Standardization as Management Aid Advocated by Expert  
(A. Glichev; PLANOVAYE KHOZYAYSTVO, No 12, Dec 84)..... 17

**PLANNING AND PLAN IMPLEMENTATION**

- Gosplan Official Urges Strict Overall Plan Implementation  
(D. Shmelev; PLANOVAYE KHOZYAYSTVO, No 1, Jan 85)..... 29

- Improvement of Operational Planning Techniques Proposed  
(A. Borodkin, et al.; PLANOVAYE KHOZYAYSTVO, No 11, Nov 84). 40

**INVESTMENT, PRICES, BUDGET AND FINANCE**

- Capital Accumulation Effectiveness Criteria Examined  
(P. Karpov; PLANOVAYE KHOZYAYSTVO, No 1, Jan 85)..... 49

- Conference on Price Dynamics, Economic Growth Held in Suzdal  
(N. Omel'yanenko, A. Simonyan; PLANOVAYE KHOZYAYSTVO, No 1,  
Jan 85)..... 55

15 May 1985

## ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

## IMPORTANT ECONOMIC CONFERENCES REVIEWED

Moscow EKONOMIKA I MATEMATICHESKIYE METODY in Russian No 4, Jun-Aug 84 pp 759-768

[Article under the general heading "Scientific Life"]

[Text] General Annual Meeting of the Economics Department of the USSR Academy of Sciences

The Annual General Meeting of the USSR Academy of Sciences Economics Department was held on 13 March 1984.

The accountability report was given by the academic secretary of the OE AN SSSR [Economics Department of the USSR Academy of Sciences], Academician N. P. Fedorenko. He recalled the principled party criticism directed at economists and, in particular, the words of Comrade Yu. V. Andropov at the June (1983) CPSU Central Committee Plenum to the effect that we have still not studied properly the society in which we live and work, have not fully revealed its inherent natural laws, and especially its economic ones, and so are sometimes forced to act, so to speak, empirically, using the very inefficient trial and error method. The criticism was echoed at that same June Central Committee Plenum in the report by Comrade K. U. Chernenko, with specific reference to the TsEMI [Central Institute of Mathematical Economics]. In this connection, TsEMI activity was discussed in detail by the AN SSSR Presidium, which adopted an appropriate resolution on this question. Along with severely appraising the work of the institute itself, the CPSU Central Committee Decree "On Heightening the Role of the USSR Academy of Sciences Institute of Economics in Developing the Pivotal Questions of the Economic Theory of Developed Socialism" contains important remarks addressed to the AN SSR Department of Economics as a whole.

All this must be taken as testimony to the great concern of the Party Central Committee for the development of economic science in the country and heightening its role in resolving current problems of social and economic development, of increasing exactingness towards the work of economists and also, unfortunately, as testimony to CPSU Central Committee dissatisfaction with the work done by it. Of course, this does not signify that Soviet economic science yielded neither theoretical advances nor useful practical results in the reporting year.

The speaker briefly familiarized the meeting with the results of activity by Department scientific institutions during 1983, focusing primary attention on prospects and on those specific steps being taken and to be taken in response to party criticism.

The plan for the most important scientific research in the area of economic sciences in the five-year plan, as well as the plan for work connected with preparing a comprehensive program of scientific-technical progress for the long term, was basically carried out successfully in 1983.

In the area of political economy, research continued on a number of theoretical problems of creating the material-technical base of communism and perfecting the production relations of developed socialism, of the socialist way of life. There were advances in analyzing the continuing collectivization of socialist production and several recommendations were worked out for improving the planning and management of the distribution and other mechanisms. It must be admitted, however, that, as was pointed out in the CPSU Central Committee decree, the fundamental problems of perfecting the economic system of developed socialism have been analyzed insufficiently thoroughly by the USSR Academy of Sciences Institute of Economics and other economics institutes of the Department, and they are lagging in developing the methodological questions of the political economy of socialism.

A number of research projects connected with preparing proposals for the most important planning documents for the long term were carried out: "Basic Directions of Social and Economic Development in 1986-1990 and Up To 2000" and those for the 12th Five-Year Plan. In particular, proposals were worked out on improving structural balance in the 12th Five-Year Plan and beyond, and several patterns in the shaping of reproduction proportions and the influence of the major directions of technical progress on the rates and proportions of expanded reproduction were analyzed.

As is known, the practical outcome of research by academy institutes is in considerable measure embodied in the methods materials prepared. In recent years, this work has become considerably more active. Department institutes participated in preparing the methods provisions, approved by the USSR Gosplan, for compiling the country's basic long-range directions of economic and social development, and refined draft comprehensive methods for evaluating the effectiveness of social production and individual economic measures were developed. We should also mention our first draft methods for economically evaluating the workforce in the national economy. We continued to participate actively in implementing the Food Program and Energy Program.

In the area of problems of distributing productive forces and regional economic development, the most important event in 1983 was completion of the draft "General Plan for Distributing USSR Productive Forces in the Long Term." Regional research was also done on prospects for developing productive forces and using natural resources in Siberia, the Urals, the Far East, Latvia, Lithuania, Estonia and other republics and economic regions.

Substantial advances were made in work on shifting national economic planning to a modern scientific base. This was the target of joint efforts by the USSR Gosplan and scientists at several institutes of the Economics Department. Particular attention was paid to completing work on the second-line ASPR [automated system of plan calculations], its methods, algorithms and software.

Together with the USSR Gosplan GVTs [Main Computer Center], the TsEMI prepared an improved complex of dynamic interbranch models for the central ASPR tasks

complex and made experimental calculations concerning optimization of the commercial logging complex.

The IE OPP [Institute of the Economics and Organization of Industrial Production] developed a dynamic national economic optimization model detailing the concept of technological methods for the construction complex, methods recommendations on using an interbranch interregional model, a grid model for implementing the Tyumen Petroleum and Gas Complex program, and a number of special models. Many regional and republic economic institutions (in the Ukraine, Far East, Lithuania, Uzbekistan and elsewhere) broadened their use of optimized economic-mathematical models for resolving practical tasks of developing the national economy. The ISEP [Social Economic Problems Institute] developed a comprehensive system for the input, storage and initial processing of statistical and other empirical data.

Numerous research projects concerning management, price formation, the creation of a unified system of norms and normatives, as well as the intelligent use of nature and protection of the environment, on social development and raising the standards of living of the people, have continued and are in part complete.

The report also described the activity of international-specialization institutes.

The speaker paid special attention to steps worked out and in part implemented by the TsEMI in connection with the criticism of its work at the June (1983) CPSU Central Committee Plenum and also to progress in carrying out the AN SSSR Presidium resolution on Institute activity. The basic scientific directions of TsEMI work are currently being refined and discussed in the collective. In conformity with this, a variant of a new Institute structure has been prepared. Work has been done to set up closer contacts and seek out effective means and forms of interaction between the Institute and the USSR Gosplan, and especially with its Main Computer Center, with which the TsEMI has cooperated closely for many years. Among those topics in the current coordination plan, we have singled out those on which the most combined efforts must be focused. Joint work with the USSR Gosplan Department for Perfecting Planning and Economic Incentives is also continuing and the list of projects is being refined with consideration of the tasks set by the party at more recent CPSU Central Committee Plenums. Proposals are being prepared on improving editorial-publishing activity.

In the decree "On Heightening the Role of the USSR Academy of Sciences Institute of Economics in Developing Pivotal Problems of the Economic Theory of Developed Socialism," after noting that positive work being done by the Institute, the party Central Committee further pointed out that the content and resultancy of its scientific research do not yet meet the demands made of economic science by the 26th CPSU Congress and subsequent CPSU Central Committee Plenums. The Institute has not become a leading center of economic science in the country and has not exerted an active influence on the whole front of economic science and practice. The CPSU Central Committee noted the inadequate depth of Institute research, its separation from practice, diversion of the efforts of scientists from analysis of basic problems to a large number of small projects, minimization of the role of scientific discussion (in VOPROSY EKONOMIKI, in particular), as well as a number of shortcomings in personnel work. It is the duty of the collective of the Institute of Economics to re-examine aspects of its work in a

principled, business-like manner, to plan and implement an effective program of steps to overcome the shortcomings revealed and, with the consent of the USSR Academy of Sciences Presidium, make changes in work direction and structure by outlining: intensified study of the pressing problems of the political economy of socialism; development of the theoretical principles of comprehensive improvement in national economic planning and management; overcoming the lag in analysis of the pivotal problems of production efficiency; broadening research on the theoretical problems of the scientific-technical revolution and combining its achievements with the advantages of socialism. This was also a topic at a recent Institute party meeting.

This decree clearly concerns not just the Institute, as it defines important tasks for all institutions specializing in economics and for the Department of Economics as a whole. Economists are obligated to ensure a new and considerably higher level of ideological-theoretical work, to effect a decisive turn towards actual practical problems being put forward by life in our society, problems of top-priority importance to CPSU economic strategy and party policy in continuing to perfect developed socialism and to use its advantages most fully. The CPSU Central Committee therefore binds us to substantial changes in the planning and management practices of scientific research, in coordinating our work, in linking the consumers of scientific output, the economic planning agencies.

Continuing, Academician N. P. Fedorenko touched on several of the most important tasks of the Economics Department for 1984. The party attaches top-priority importance to long-range problems, among which are the development of a national economic plan for the 12th Five-Year Plan and concepts for the period to 2000, as well as improvement in national economic management.

The December (1983) CPSU Central Committee Plenum posed the question of developing a program of comprehensive improvement in management. It is impossible to resolve tasks of this scale without a well thought-out theoretical substantiation since, as V. I. Lenin said, "he who takes up particular questions without first resolving general ones will unavoidably 'run up against' those general questions at each step, and stumbling blindly over them in each particular instance will mean dooming one's policies to the worst vacillation and unprincipledness" (Lenin, V. I., "Poln. sobr. soch." [Complete Collected Works], Vol 15, p 368). Development of such a program, relying on the creative development of Marxist-Leninist economic theory and the practical experience of the USSR and other socialist countries, will unquestionably determine the elevation of all work involving improving the effectiveness of the socialist economy to a qualitatively new level. Such a program will be of important strategic and international significance.

In this connection, the institutes of the Economics Department are faced with considerable work involving the scientific substantiation and development of broad proposals on long-term improvement in the management mechanism. The main tasks arising in the course of organizing this work will be 1) the creation of an integral overall scientific concept of economic management for the mature socialist society; 2) development of an expanded system of steps, taking into account the specific features of branches of the economy and regions of the country, to perfect the management mechanism, but with the condition that it correspond fully to the overall concept; 3) delineation of sequential stages of

restructuring and the economic, organizational, legal and other measures necessary at each stage in order to ensure a smooth, coordinated transition to the new economic mechanism. The present level of research in the area of the socialist economic mechanism enables us to pose and resolve these tasks successfully. The first proposals and drafts are already to be found at a number of institutes. What is required is an organized, precise, coordinated effort along the entire front of economic science with the aim of carrying out an honorable party assignment, at creating and successfully actualizing a comprehensive program of development for the country's national economic management system.

We must not fail to mention the international aspect of this work also. Other socialist countries, foremost CEMA members, are also engaged currently in perfecting their own economic mechanisms, in resolving similar tasks. Life objective dictates the requirement that their potentials in economic science be combined. Experience is available in this, and it must be developed.

The country must begin in the 12th Five-Year Plan to operate with a debugged economic mechanism. The institutes of the Economic Department are set the task of scientifically generalizing the results of the economic experiment in branches of industry. The Department Buro has approved a work plan for the participation of economists in this area. Leading specialists of Department institutes have broadened research to analyze: 1) the procedure for shaping and using the wage fund and the effectiveness of the system of material incentives for association (enterprise) collectives in use in the experiment; 2) the effectiveness of using the system of economic normatives; 3) production association (enterprise) materials on results of using the system of steps to improve production planning; 4) methods of stimulating work on accelerating the introduction of scientific and technical achievements into production; 5) use of financial-credit levers and improving price formation. Comprehensive analysis of the course and results of the experiment will enable us to reveal conditions facilitating successful implementation, comprehensiveness and sequentiality of the measures being taken and to eliminate shortcomings discovered in the economic mechanism being tested, to make prompt adjustments and, in addition, to accumulate the necessary experience and knowledge.

The report noted that, in implementing the CPSU Central Committee Decree "On Heightening the Role of the USSR Academy of Sciences Institute of Economics in Developing Pivotal Questions of the Economic Theory of Developed Socialism," the Department has made suggestions on: refining the specialization of scientific economic institutions; improving the planning and coordination of economic research in the AN SSSR system; strengthening methodological leadership of economic subdivisions of the higher education system, branches and departments; increasing the effectiveness of international ties, foremost with scientists of the fraternal socialist countries; conducting economic research to order for the central economic ministries and departments.

The party demands first of all that we learn to manage the economic research process in the country in such a way that the available scientific forces, as well as the state funds being allocated, are used to maximum national economic impact. In this connection, all aspects of research planning and coordination must be developed: selection of the most important directions from both theoretical and practical points of view; focusing scientific forces in those areas,

that is, planning and managing joint, coordinated purposeful work by scientific collectives and individual scientists; organizing the exchanges of new hypotheses, ideas, discoveries and other scientific information, which will facilitate the resolution of scientific tasks (especially those of an interdisciplinary nature), as well as improving the skills of scientific cadres. The task consists in all detachments of economic science putting all their creative effort at the service of the common cause. The report touched on the question of deeper specialization of the economic institutes of the republic academies.

We need to intensify the activity of such very important coordinating centers as the scientific councils of the Economics Department and the central institutes, foremost the Institute of Economics.

The CPSU Central Committee has pointed out that introduction of research results must be considered the most important task of the Institute of Economics. This applies directly as well to all other economic institutes. It is important to increase the role of the lead organizations in bringing research results to the level of finality at which they can be put to practical work. As TsEMI experience has shown, this is not easy, especially when the reference is to economic-mathematical models, the program-algorighm apparatus and the sole reliable path is joint work by researchers and consumers of scientific output from beginning to end, that is, from idea to the introduction of a development in actual practice.

The CPSU Central Committee has obligated a number of organizations, headed by the USSR State Committee for Science and Technology, to establish a procedure for conducting economic research on order for the central economic ministries and departments, outlining a precise determination of end goals, the forms of acceptance and testing of completed work, and schedules for their practical introduction. This substantially increases demands as to the quality of economic research.

The report emphasized that, in a period of exacerbated ideological struggle between the two systems, of ideological diversions by various false theoreticians, revisionists and Sovietologists who adulterate the attainments of mature socialism and prospects for its development, counter-propaganda and the prompt unmasking, at a high theoretical level, of our opponents in the field of economic theory have taken on particular importance. This is the cause of all institutes of the Department.

Academician I. I. Lukinov, Vice-President of the Ukrainian SSR Academy of Sciences, spoke in the debates. He supported the speaker's thesis that the CPSU Central Committee decree on the work of the AN SSSR Institute of Economics relates to all economic science. The economics institutes of the Ukrainian Academy of Sciences are working actively on proposals to implement this decree. And although the existing system of coordination ties between republic academy institutes and union ones is evolving fairly well, the time has come to perfect them, foremost by thinking through their deeper specialization and allowing the republic institutes (where possible) to be the lead institutes in developing particular problems.

I. I. Lukinov noted the presence of scientific stockpiles in the area of perfecting the economic mechanism. In particular, he touched on the price-formation questions being developed by the AN SSSR Institute of Economics and analyzed ways to improve return on capital. In speaking of the possibilities of strengthening the cost-accounting interest in and responsibility of enterprises for running production profitably, he pointed out the first positive results of the economic experiment begun in the Ukrainian SSR Ministry of Food Industry.

Ye. I. Kapustin, Corresponding Member of the USSR Academy of Sciences (AN USSR Institute of Economics), said the party has examined all work being done to develop our country's economy, to change over from extensive to intensive methods of management, through the prism of the work of the Institute of Economics. But, in order to do that, we need not individual corrections, but the development of serious measures to perfect the economic mechanism, to increase organization, order, responsibility, and personal and collective material interest. The CPSU Central Committee decree on the work of the Institute of Economics should be evaluated as one of historical importance for economists, as justified criticism of shortcomings and oversights to be eliminated in the very near future. It formulated the pivotal theoretical questions on which the Institute must work; its structure must be improved in accordance with this. The primary task of the Institute and other institutes of the Economics Department consists in developing the theoretical concept of a comprehensive program to perfect the economic mechanism. Ye. I. Kapustin called upon all members of the Department to unite their efforts to resolve the tasks facing economic science and practice.

Corresponding Member of the USSR Academy of Sciences P. G. Bunich (Moscow Institute of Management imeni S. Ordzhonikidze) told us the Department has created groups to study the experiment being conducted in five ministries. Methods and methodological developments and plans have been prepared with a view towards generalizing the results. The groups have begun their activity.

R. A. Otsason (AN USSR Institute of Economics) described work on the experiment in Estonia, in whose preparation and conduct the republic Institute of Economics has been participating. The purpose of the experiment in the agroindustrial complex is to eliminate departmental barriers among the individual links of the complex. A plan is being prepared for perfecting the economic mechanism in the agroindustrial complex in order to take into account more fully the positive experience of the socialist countries; a commission has been created to assist this experiment, comprised of leading scientists from the AN SSSR Institute of Economics, IEMSS [Economics of the World Socialist System Institute], TsEMI and other organizations. The experiment is being conducted at a number of industrial enterprises for the purpose of verifying what will be the results of granting greater rights to economic associations. A serious problem which should receive particular attention here is that of placing a reliable barrier to possible departmental "distortions" conflicting with national interests. R. A. Otsason paid particular attention to coordination questions, opposing pseudo-coordination, or the simple gathering of informational material instead of its scientific analysis.

In the opinion of Academician T. S. Khachaturov (AN SSSR Scientific Council on the Problem "Economic Effectiveness of Fixed Assets, Capital Investments and New Equipment") it would be in error to think the only task of the Institute of Economics and other economics institutes is to develop theoretical problems

of political economy; we also need to bring the research down to practical conclusions and recommendations. A considerable stockpile has been accumulated which has not been introduced, through the fault not only of the institutes, but also of those who should be directly concerned with this. The work done jointly by the TsEMI and the USSR Gosplan's Main Computer Center on developing and introducing a complex of consolidated dynamic interbranch models and reported recently to the Department Bureau was cited as a model of joint activity by scientific and practical organizations. The development of methods to evaluate the effectiveness of environmental protection measures was cited as an example of cooperation by Department institutes. T. S. Khachaturov also noted the importance of intensifying coordination work by Department scientific councils, particular in the area of VUZ science, and the organization of broad scientific discussion on pressing economic problems.

A. N. Yakovlev (IMEMO [World Economics and International Relations Institute]) owned the primary motif of the accountability report, increasing demandingness on all economic science, on all its detachments and directions, to be legitimate. He pointed out the necessity of close cooperation among Department institutes, of using in this regard the fully proven experience in preparing, for example, a comprehensive program of scientific-technical progress. In connection with the fact that our country is, as is the entire socialist community, becomingly an increasingly influential participant in world economic ties, we need to jointly study the latest economic crisis, the problems of competition between the two systems in all spheres, to create an efficient model of USSR economic ties with foreign countries, and so on. The close cooperation of economic institutes is necessary to research the substantial changes currently underway in world productive forces, and in particular, in the use of robots, microprocessors, and so forth. The development of management problems, as well as the creation of new fundamental works on the political economy of capitalism, have now taken on particular urgency.

Academician O. T. Bogomolov (IEMSS) emphasized the great importance and exceptional urgency of the CPSU Central Committee decree on the work of the Institute of Economics. He noted that the development of economic thought today is impossible without consideration of the experience and achievements of the fraternal countries of socialism. We need to concentrate the common efforts of these countries on solving the most important problems put forward by life which deal with theory and practice in connection with property relations, coordinating the interests of the various levels of management, the interaction of the various levers of the economic mechanism, and the rates of economic growth.

In examining the question of how economic science and practice close ranks, O. T. Bogomolov said each area needs to move towards the other, since it often happens that departments want to partition themselves off from science, since it criticizes those departments in its analyses and proposals.

The resolution of the Annual General Meeting of the Department notes, in particular, that scientific institutions did their research this past year governed by the resolutions of the 26th CPSU Congress and subsequent CPSU Central Committee plenums.

Primary attention was focused on further developing the theoretical problems of the economy of developed socialism, developing its production relations, working

out proposals on perfecting the economic mechanism and increasing production efficiency. The institutes have participated in preparing materials on long-range development of the Soviet economy. The development of a comprehensive program of scientific-technical progress continues. A draft concept has been prepared of a target comprehensive program to reduce manual labor in branches of the economy.

Scientists have participated actively in preparing proposals on implementing the USSR Food Program. Work involving participation in the experiment to perfect the economic mechanism has broadened. Development of pressing problems of the world economy and international relations, socialist economic integration and the growing role of the liberated countries in world development is underway.

At the same time, there a number of serious shortcomings in the planning, organization and conduct of scientific research, in the content and results of completed scientific research in the field of economic science.

The level of research on fundamental problems of perfecting the economic system of developed socialist society and methodological questions of the political economy of socialism does not meet the demands being made of economic science, and the separation of this research from practice has not been overcome. Scientists' efforts in developing problems of improving production efficiency for conditions of primarily intensive development, ways of accelerating scientific-technical progress, improving the planned management of the national economic complex, have been inadequate. The activity of the Institute of Economics and the AN SSSR Central Mathematical Economics Institute was sharply criticized.

The criticism of bourgeois, reformist and revisionist concepts of socialism does not properly take into account the exacerbation of the ideological struggle in the international arena.

The role of scientific discussions in the work of the institutes and on the pages of the economics journals has been denigrated. Several scientific councils of the Department are not ensuring proper research coordination.

Active cooperation by Department scientific institutions with the economic departments on questions of planning and introducing the results of economic research into management practice has not been properly set up. The Department has not taken the necessary steps to improve scientific-methods leadership of economic scientific institutions. There are serious shortcomings in the style and methods of organizing scientific activity, in personnel work.

Implementation of the resolutions of the 26th CPSU Congress and of subsequent CPSU Central Committee plenums and implementation of the USSR Academy of Sciences Presidium resolution "On AN SSSR Economics Department Activity," the AN SSSR Economics Department plan of steps to actualize the resolutions of the June (1983) CPSU Central Committee Plenum and CPSU Central Committee Decree "On Heightening the Role of the USSR Academy of Sciences Institute of Economics in Developing the Pivotal Questions of the Economic Theory of Developed Socialism" which have been adopted in accordance with the instructions contained in them were named in the resolution as the most important task of the scientific institutes of the Department.

With a view towards improving the work of the Department of Economics in terms of scientific-methods leadership of economic science institutions and coordinating their activity, the Department of Economics Bureau proposed that suggestions be made to refine the specialization of economic science institutions. It is recommended that scientific research be concentrated on the following main lines.

In the area of the political economy of socialism and development of the USSR economy, it is considered necessary that we:

intensify the development of the fundamental problems of perfecting the economic system of developed socialist society, methodological questions of the political economy of socialism; study qualitative changes in productive forces and ways of perfecting socialist production relations in close conjunction with the social processes occurring in society; deepen our analysis of socialist property and the relations of the production, distribution, exchange and consumption of the social product; reveal more fully the economic laws of socialism and ways of best using them, substantiate the forms of combining national, collective and personal interests;

develop the theoretical foundations of comprehensive improvement in national economic planning and management -- organizational structures of management, interconnected development of the branches and economic regions of the country, closer linking of material-physical and value proportions, strengthening cost accounting relations, strengthening the role of economic levers and incentives in developing production, improving price formation and methods of evaluating the results of economic activity with consideration of generalizing the results of large-scale experiments in perfecting the management mechanism, introducing new forms and methods of management, introducing a system of economic-mathematical models to plan and forecast national economic development -- in accordance with the tasks set by the December (1983) CPSU Central Committee Plenum; continue research by scientific subdivisions of the Department of Economics on the development of a comprehensive 20-year program of scientific-technical progress (by five-year plan), organize the preparation of materials for compiling the 12th Five-Year Plan regarding the top-priority problems of the socioeconomic development of the country;

overcome the lag in research on key problems of production efficiency, an intensive type of expanded reproduction and fundamentally increasing labor productivity, improving product quality, updating production assets, using all types of resources -- labor, fuel, energy, raw and other materials, natural wealth -- efficiently, creating a system of criteria and indicators to evaluate production efficiency;

expand research on theoretical problems of the scientific-technical revolution and uniting its achievements with the advantages of socialism; perfecting the material-technical base of socialism; socioeconomic factors and incentives in scientific-technical progress; accelerating introduction into the national economy of fundamentally new equipment and technology; developing the creative activeness of broad masses of workers and kolkhoz members, scientists and engineering-technical workers to perfect production.

In the area of the economy of the world socialist economy, it is recommended that we:

generalize experience in building socialism;

develop the theoretical problems of the international concentration and collectivization of production, national-state and international ownership, the

mechanism whereby integration processes are regulated; the system of national and international economic interests, the planned use of commodity-monetary relationships and features of the operation of the law of value, new organizational forms of economic relations among the socialist countries;

research the relations of the world socialist economy, the participation of the socialist countries in the international division of labor and international relations, their struggle to restructure international relations on a democratic basis;

study problems of the effect of the world socialist system on the resolution of global problems.

Also indicated were the basic directions of research in the area of the economy of the developing countries and modern capitalism.

For all these lines of research, we should reveal in depth the scientific bankruptcy and class sense of the bourgeois and revisionist theories of socialism, of the developing countries, of state monopolistic capitalism. The level of counterpropaganda must be raised.

The attention of institute leaders was focused on the necessity of bringing theoretical developments to the level of practical recommendations and conclusions and of introducing them into practice, increasing the activeness of scientists in conducting broad-scale economic experiments, implementing Soviet state steps to accelerate scientific-technical progress, carrying out the Food and Energy programs and CPSU measures to raise the level of ideological work. It was suggested that progress in introducing developments into planned management practice be discussed quarterly in the scientist councils of the institutes. It is recommended that the Department Buro, jointly with other departments concerned, prepare proposals on the conduct and organization of research to order, anticipating the precise definition of ultimate goals, the forms for accepting and testing completed work, and the schedules for introducing it into practice.

The resolution notes the great importance to improving the effectiveness of economic science of perfecting the style and methods of scientific work, bringing order to intrainstitute research planning and organization, eliminating parallelism and petty topics, strengthening discipline, and organizing scientific discussions. We are faced with increasing the effectiveness of the work of the scientific councils within the Department framework, with refining and ordering their topics by relative importance, as well as with examining opportunities for merging some topics. The journals of the Department of Economics should focus attention on further raising the scientific level, widely publishing the materials of the institutes of economics of the union republic academies of sciences, scientific centers and branches of the USSR Academy of Sciences, and developing scientific discussion.

Particular attention was paid in the resolution to: improving the selection, placement and development of cadres; increasing the effectiveness of international ties, foremost with scientists of the fraternal socialist countries; refining the specialization of Department institutes, perfecting the planning and coordination of economic research in the country, and determining the status, rights and obligations of the lead institutes for corresponding problems.

It was proposed that the Department of Economics institutes discuss the CPSU Central Committee Decree "On Heightening the Role of the USSR Academy of Sciences Economics Institute in Developing Pivotal Questions of the Economic Theory of Developed Socialism" and, in light of the instructions contained in it, work out steps to fundamentally improve scientific research in conformity with their specializations and with the tasks facing the institutes. It was suggested that the TsEMI AN SSSR ensure fulfillment of the 15 December 1983 USSR Academy of Sciences Presidium resolution "On the Scientific Activity of the Central Economic-Mathematical Institute of the USSR Academy of Sciences."

#### Perfecting Management of the Economy of Developed Socialism

An all-union scientific-practical conference on "Perfecting Management of the Economy of Developed Socialism," organized by the TsEMI, the AN SSSR Scientific Council on the complex problem "Optimum Planning and Management of the National Economy," the Academy of the National Economy attached to the USSR Council of Ministers, and the VSNTO [All-Union Council of Scientific-Technical Societies] Committee for Management Problems, was held in Moscow from 29 February to 1 March 1984.

N. P. Fedorenko, Academician Secretary of the USSR Academy of Sciences Economics Department, examined pressing problems of comprehensively improving the management system in light of the resolutions of the December (1983) and February (1984) CPSU Central Committee plenums. He noted that the TsEMI collective has been working actively to prepare a program for perfecting the economic mechanism of management. Stressing that the complex of such measures must be based on the creative use of the principle of democratic centralism, and not on erroneous models of the "market socialism" type, the speaker pointed out the necessity of orienting all economic levers towards the plan.

In Academician N. P. Fedorenko's opinion, broadening the rights and increasing the responsibility of the basic production link, which should be given an opportunity to make a majority of the detail decisions concerning distribution of revenues, establishing economic ties and setting prices, must become the primary direction in which the organizational mechanism is to be improved. In the area of material-technical supply, we need to effect a transition to direct economic ties between suppliers and consumers, retaining the practice of distributing funds only for especially important output. The plan for producing basically one's own output (aside from that in the most-important products list) must be drawn up by the enterprise itself. At the same time, the mutual responsibility of the partners must be increased based on the principle of full reimbursement of losses, and vertically in management -- by using the plan-orders system, with orders being communicated by a superior organization to an enterprise.

The speaker also examined other pressing problems of perfecting the economic mechanism. He pointed out the necessity of planning prices at the level of socially necessary expenditures to reproduce output which take into account capital investments and the social utility of the product. The stimulus role of payment for all types of resources, including labor and natural resources, should be strengthened. The pivotal questions in perfecting the financial-credit mechanism are: increasing the role of agencies in the banking system and their responsibility for following the commodity and monetary circulation balance, planning all financial circulation and limiting redistribution processes.

Academician N. P. Fedorenko cited as the main task in centralized planning the changeover from numerous indicators to the shaping of conditions which will interest labor collectives in the end result of their activity. The primary factor in creating such conditions must be a system of planned economic normatives which will include: prices, the normative of capital investment effectiveness, bank interest, normatives for payment for resources, profit distribution, wages and formation of economic incentives funds. The TsEMI is currently working actively on the methods of planning the indicated normatives.

Corresponding member of the USSR Academy of Sciences P. G. Bunich (Moscow Institute of Management imeni S. Ordzhonikidze) analyzed the relationship between centralization and independence at various stages of development of the country's economic mechanism. He noted, in particular, that today's trend towards gradual equalization of the capital-labor ratio of various branch enterprises primarily at the expense of retooling and renovating older enterprises rather than by building new ones makes possible the use of unified normatives and regulations in place of specific-address assignments and detailed regulation. The development of production specialization and the orientation of industrial ties toward economic relations are also an important prerequisite to broadened independence. Under present conditions, both the trend towards broadening the rights of the basic production link and the search for an adequately high independence in evaluation of its activity are objective in nature. The latter is manifested in the course of a large-scale economic experiment. Speaking of the initial results of the experiment in detail, P. G. Bunich noted that there are positive consequences to the rigid connection between increment in the wage and material incentives funds and increment in output volume and profit (net cost reduction). Along with granting trade the right to reject output not in demand, the new procedure has led, for example, to an appreciable updating of the product assortment in the Belorussian SSR Ministry of Light Industry system.

The speaker delineated, in particular, the tasks which must be resolved in order to make best use of the rich experience being accumulated in the course of the economic experiment. Among them are: development for the experiment of a special system of statistical reporting; development of methods of substantiated comparison of enterprises participating and not participating in the experiment which permit delineating in pure form the impact of the experiment. It is important to set up an economic mechanism which is both qualitatively and quantitatively new. In particular, we need to achieve a situation in which changes in wages at least cross the threshold of perceptibility, which has not always been the case. P. G. Bunich pointed out several negative consequences of stimulating increment in indicators, noting that the first step is always the hardest; he expressed the opinion that the logic of the search will in the end lead to evaluating activity and stimulation based on level of economic effectiveness.

Much attention was paid by conference participants to perfecting the centralized economic management system. One might say there was a coincidence or proximity of points of view of those speaking on the key questions. Thus, G. Kh. Popov (Moscow State University imeni M. V. Lomonosov) advanced the thesis that instructions from the center must become economically advantageous for implementers. This thesis was supported in a number of other speeches. G. Kh. Popov supported P. G. Bunich's position on stimulating level of effectiveness rather

than indicator increment. He also focused attention on the importance of perfecting distribution relations at the level of the individual worker and noted the prerequisites being created for systematic actualization of the principle of payment based on labor.

O. M. Yun' (USSR Gosplan) substantiated the appropriateness of rejecting the planning of volume indicators by directive, the importance of a gradual change-over from evaluating activity based on percentage of plan fulfillment and indicator increment to evaluating based on level of effectiveness. Analyzing the course of the large-scale economic experiment, O. M. Yun' stressed that the experiment creates material conditions for actualizing the rights contained in the Law on Labor Collectives and noted its initial achievements and unresolved tasks.

N. N. Girtsenko (VSNTO [All-Union Council of Scientific-Technical Societies]) touched on the problems of increasing the role of the scientific-technical community in managing the national economy, on the connection between levels of mobilization of public opinion and growth in labor activeness.

L. I. Abalkin (AON [Academy of Social Sciences] of the CPSU Central Committee) proposed, in developing a systems approach to perfecting the economic mechanism, that the following be examined as relatively independent objects: 1) a theoretical model of the economic mechanism; 2) the model of that mechanism embodied in the normative documents; 3) the actual economic mechanism. The task arises of bringing the second object into accord with the first and, no less important, of bringing the third closer to the second. The changeover from words to deeds is the primary link in this. Under present conditions, distribution relations take on a special role, as they are called upon to exert a substantial influence on production.

P. A. Skipetrov (Academy of the National Economy attached to the USSR Council of Ministers) dealt with the political-economy problems of perfecting economic management, and foremost with planned development on a societal scale as a specifically socialist form of management. The speaker noted the fruitfulness of discussions on political-economy problems and the necessity of drawing them closer to management practice. Pointing out that commodity-monetary relations under socialism are a special form of directly social relations, P. A. Skipetrov singled out the growing role of interests as forms of the manifestation of production relations.

V. K. Senchagov (USSR Gosplan), after analyzing experience in perfecting the economic mechanisms in socialist countries, demonstrated what is happening in the process of drawing the economic mechanisms of CEMA member-nations closer to one another: more attention is being paid to unified methodological principles of the functioning of economic mechanisms, the independence of the basic production link is being broadened along with improvement in centralized management and economic regulation, searches are underway for fuller actualization of the creative essence of the organizational structures of management. The speaker reported on the development in our country of an experiment to create production-economic complexes using the experience of fraternal countries.

Cost accounting and prices--the most important interconnected instruments of planned economic management--were examined by G. A. Yegiazaryan (Moscow State University) and N. Ya. Petrakov (TsEMI). A common factor for these speakers was the question of determining the limits of enterprise independence in planning and the degree to which this independence is extended into the area of price formation. N. Ya. Petrakov pointed out the growing importance of price substantiation as the trend of paying for resources increases and the rights of the basic production link are expanded. He noted the well-known imperfection of the wholesale price formation mechanism in connection with the fact that its principles were set back in the 1930's, while the objective conditions and character of the tasks being resolved have altered substantially since then. The speaker made recommendations on the problem of perfecting retail prices.

A. D. Sheremet (Moscow State University), noted, in speaking about the role of economic analysis and accounting in management, the unjustified growth in the number of indicators in reporting noted recently and the failure of several new indicators to conform to the economic situation they are called upon to describe. He pointed out the urgency of determining the share of intensive factors in output increment and increasing efficiency, and the importance of solving the problem of comprehensively evaluating economic activity.

Along with theoretical questions, the conference also discussed pressing practical tasks. Speaking on them were A. V. Novikov, deputy general director of the AvtoGAZ production association, V. P. Moskalenko, deputy general director of the Sumy Machinebuilding Production Association imeni M. V. Frunze, V. Ye. Astaf'yev, collegium member of the USSR Ministry of Electrical Equipment Industry, and L. A. Busyatskaya, collegium member of the USSR Ministry of Heavy and Transport Machine Building. A. V. Novikov and V. P. Moskalenko, noting the necessity of a policy of broadening the independence of the basic production link, expressed the opinion that it should be conducted more resolutely. It was shown, in particular, that the most progressive forms of management, those oriented towards scientific-technical progress, are frequently in conflict with existing instructions; association leaders do not have the right to independently resolve questions about how efficient it is to use ASU under specific conditions or if a reduction in administrative-managerial personnel is justified. V. Ye. Astaf'yev talked about the successful implementation in electrical equipment industry of a new system of planning, financing and stimulating work on new equipment and about the connection of the experiment to broaden enterprise independence with an increase in the effectiveness of scientific-technical progress. L. A. Busyatskaya dealt with several aspects of the conduct of the large-scale economic experiment: enterprise independence in using the production development fund, needed improvement in the area of material-technical supply (including eliminating the system of so-called advance job authorizations), reducing the number of monitoring and auditing commissions, improving plan balance.

G. N. Gortseskul, first secretary of the Shchokino gorkom, and Hero of Socialist Labor V. P. Serikov, deputy director of the Scientific Labor Organization Center of the USSR Ministry of Construction for Heavy Industry Enterprises, spoke on the problems of recording the human factor in actualizing leading

management methods. G. N. Grotseskul emphasized that the Shchokino method is shaping a new worker who strives to make a maximum contribution to the collective result. High discipline is becoming internalized in him, lessening the need for administrative props. Shchokino workers are prepared to conduct a comprehensive experiment, encompassing all enterprises of the rayon. G. N. Grotseskul talked about the role of territorial agencies in implementing the Shchokino method and ensuring the balance of labor resources. The speaker included among the main obstacles to broad dissemination of the method the practice of planning "from what has been achieved" and the lack of interest in taut plans. In V. P. Serikov's opinion, the brigade contract, and especially for the large brigades, arouses managers to make economically substantiated decisions and to work competently with people. V. P. Serikov also noted that one should not rely on branch specifics as a pretext for slow, half-hearted introduction of leading management methods, including the brigade contract.

The conference adopted detailed recommendations.

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ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

STANDARDIZATION AS MANAGEMENT AID ADVOCATED BY EXPERT

Moscow PLANOVYE KHOZYAYSTVO in Russian No 12, Dec 84 pp 90-95

[Article by A. Glichev, director of the All-Union Scientific-Research Institute of Standardization, USSR Gosstandart [State Committee for Standards], doctor of economic sciences, professor, under rubric "Organization and Management of the Economy": "Standardization and Management of the Industrial Enterprise"]

[Text] At the April 1984 Plenum of the CPSU Central Committee K. U. Chernenko particularly emphasized the need for the further improvement of management in all links of production. A problem that is taking on greater and greater importance is the problem of improving the organization of the activity of production associations and enterprises.

In 1975 the CPSU Central Committee approved a work experiment for the party organizations and collectives at the advanced enterprises of industry in Lvov Oblast in developing and introducing a comprehensive system of quality control for the output. The purpose of creating such systems is to increase the production of high-quality output, to reduce the periods required for designing and assimilating the production of new articles, and to reduce the losses from defective output and claims from the customers.

One of the peculiarities of the experiment carried out by the people in Lvov consisted in the use of plant standards that had been developed in complete conformity with state and branch standards for regulating the carrying out of the organizational, technical, and economic measures that were aimed at improving the quality of the output being produced.

The standards in the Lvov system, unlike the traditional scheme that had previously been established, included not the requirements for the output, or for the technological processes to manufacture it, but, rather, the procedure governing the actions of the managers and organizers of production at all levels of management of the enterprise. They delimited and formulated the functions and tasks of the services at the enterprise and the individual workers in guaranteeing the high quality of the articles being produced. Thus, the standards, as it were, "invaded" the sphere of management. Practical life confirmed the effectiveness of the Lvov system.

As of the present moment the comprehensive systems for quality control of the output have been introduced at more than 27,000 industrial associations and enterprises, and this has yielded tangible results. Every year industry has been raising the level of production of output with the state Quality Seal in the overall volume of its production.

Important results of the introduction of such systems are the mastery by the majority of the workers and specialists of modern methods of exerting various kinds of influence upon improving the quality of output, and the dynamic development of progressive methods of managing the production.

Decisions by the party and government have stipulated a decisive turning point in the country's economy onto the path of intensive development, which turning point has necessitated fundamental changes in the nature and content of the administration of the national economy.

An active search is being carried out for the most effective methods of improving the economic mechanism, especially in its basic link -- in the production associations and at industrial enterprises. The use of the methods of standardization in the quality control of output and the positive results that have been thus achieved have proved the desirability of the broader application of these methods in the process of the planned management of the activities of the production associations and enterprises in various branches of industry. At many enterprises the principles of constructing and operating combined systems for the quality control of output have begun to extend to a system of control as a whole.

An attempt is being made to coordinate the individual aspects of the work of administering the enterprises into a harmonious system on the basis of scientific methods. At such time, the attempt is made to ascertain the need to increase the effectiveness of production, to improve the quality of the work, to use in management not individual methods, but the entire system of those methods, and to change over from the use of numerous disconnected normative documents to a single, absolutely fundamental one. In the work of improving the socialist methods of management, standardization occupies an increasingly important place as a scientific apparatus and set of practical tools in establishing efficient rules for organizing social production at all levels of management.

A fundamentally new step in this work was the creation and experimental introduction of the series of GOST's [all-union state standards] entitled "Administration of the Production Association and Industrial Enterprise."

The unusual nature of the object of standardization, the complexity of the systematization of the varied functions of administration, the peculiarities of the administrative and organizational structures, the traditions at individual enterprises, and the tangible influence that subjective factors had upon the forms and methods of administration of production created definite difficulties in resolving the task that had been posed. However, it proved possible to overcome many of them. Industry accumulated a rather large amount of experience in managing socialist enterprises, and that experience was carefully studied and generalized. The advanced associations and enterprises

whose experience found reflection in the GOST's included the Volzhsk Motor Vehicles Plant; a number of enterprises in Dnepropetrovsk Oblast and Krasnodar Kray; the Svetlana and Krasnyy Treugol'nik associations in Leningrad; the Minskiy Traktorny Zavod imeni V. I. Lenina Production Association; the Sumy Machine-Building Production Association imeni M. V. Frunze; the Azot Production Association in Shchokino; the Tiraspol Garments Factor; the Kommutator and VEF [State Electrical-Engineering Plant] production associations in Riga; the Elektron and Kineskop production associations in Lvov; etc. The participants in the creation of the standards included more than 300 scientific and practical workers at enterprises, associations, and scientific-research organizations, as well as a number of higher educational institutions. Individual principles enunciated in this series of standards were given prior testing at a number of advanced enterprises in various branches of industry and in various regions. This was promoted by the following actions: the substantial expansion of the sphere of standardization -- from specific types of output to the entire activity linked with the development, manufacture, circulation, and operation of that output, that is, at all stages of its life cycle; the standardization not of individual sections of administration that were linked with the quality of the output or the use of the resources, but, rather, the creation of comprehensive systems of management of the associations (enterprises) on the basis of the standards; the resolution of general branch questions of improving the production and management on the basis of standards; the creation of systems of state standards pertaining to the most important problems of technical-organizational activity (Single System of Technological Preparation of Production, etc.).

The successful creation of this series of GOST's was promoted by the fact that the collective of developers made creative use of the achievements of the theory of control of organizational systems and the practice of the functioning of the USSR state system of standardization. This series of GOST's does not have any counterparts either in USSR practice or world practice of standardization.

The introduction of the series of standards was aimed at the formation of progressive systems of administration on a uniform methodological basis, which systems do not limit the initiative of the ministries, associations, or enterprises.

Taking into consideration the innovative nature and the peculiarities of the series of GOST's pertaining to the administration of associations and enterprises, USSR Gosstandart made the decision to introduce that series on an experimental basis.

When analyzing certain methodological fundamentals of the series of management standards that is being considered, it is necessary to note that one of the basic peculiarities of this series is the efficient combination of the mandatory and recommended principles stated in the standards. This makes it possible to assure that the carrying out of a uniform organizational policy and the broad introduction of advanced, multipurpose forms and methods of management that had proved their worth in the practical situation is combined with forms and methods that take into consideration the specifics at the

particular enterprise, as well as the peculiarities of the labor collective, with the purpose of the maximum manifestation of initiative and creativity.

When the series of GOST's was being developed, consideration was taken of the fact that during recent decades, in addition to technical and technological systems, there has been increasingly broad extension to, and research on, production-social, man-machine systems, which include production associations and industrial enterprises. The effectiveness of the functioning of these systems is equally predetermined not only by the economic but also the organizational mechanisms of administration. Special attention was devoted to the target approach to administration, which was aimed at guaranteeing the proper coordination in the work, and the greatest effectiveness of the processes of collective labor and administration.

The implementation of the ideas of target management requires the efficient combination of functional and linear management. That was taken into consideration when forming the requirements for the structures of the systems for managing the production associations and industrial enterprises and was reflected in the functional diagram for the systems of management.

The following subsystems of management were isolated as the target ones: management of the fulfillment of the plan for production and shipments of output; control of the quality of output, resources, the development of production, the social development of the collective, and the protection of the environment.

The chief purpose of the activity of the production association (enterprise) consists, as is generally known, in the fulfillment of the plans, assignments, contracts, and socialist pledges pertaining to the production and shipments of high-quality output in the interests of the most complete satisfying of the needs of the population, the national economy, the country's defense, and exports for the corresponding types of output with the minimum total expenditures for their design, manufacture, and use. The attainment of the main goal is possible when carrying out the total set of basic goals, including the production, quality-control, economic, scientific-technical, social, and ecological goals. During the formation of the system of goals, it is possible to augment the composition of the basic goals, to combine them, or to subdivide them, but their total set must be sufficient for attaining the main goal of the activity of the production association or enterprise. The degree of attainment of the chief goal and the basic goals is important for determining the effectiveness of the functioning of the system of management. For that purpose it is planned to use quantitative criteria that are based on planned indicators and that reflect the final results of the production-economic and social activity of the enterprise.

In order to guarantee the efficient division and cooperation in labor in the sphere of management and, on that basis, in order to increase its effectiveness, the functional approach to management is carried out. Its essence consists in isolating the total set of specific functions of management as isolated types of administrative labor and in the formation for their existence of specialized functional subsystems of management.

When defining the list of specific functions of management and forming the system of management of the specific association or enterprise, it is necessary to be guided by the following standard composition of functions of management that have been grouped according to the feature of their effect upon all spheres of activity: long-range and current economic and social planning; the organization of projects dealing with standardization; accounting and reports; economic analysis. With regard to the feature of the effect upon individual stages of the production process, the following functions have been defined: management of the technical preparation of production; organization of production (basic, support, and service); management of the technological processes; time-responsive management of production; organization of metrological support; technical control and testing; sale of output.

It is possible to combine or subdivide individual functions of management, with a consideration of the scale, specialization, and production structure, and the structure of the management apparatus.

In its turn, the implementation of each of the functions of management must include the following standard elements of the administrative cycle which are common to all functions: forecasting and planning; organization of the work; coordination and adjustment; activation and providing of incentives; control, accounting, and analysis.

Also isolated as an important element are the supporting subsystems, which create the conditions for the effective and stable action of the target and functional subsystems. They include the following subsystems: legal support; information support; normative management; clerical operations; equipment with office-mechanization means.

A substantial increase in the number of production collectives that are headed by a single linear manager; the tendency toward the changeover chiefly to collective forms of the organization of labor and management with the simultaneous reinforcement of one-man responsibility; and the deepening of specialization with the centralization of the functions of management have required a considerable intensification of linear management. With a consideration of this, in the set of GOST's, for the purpose of guaranteeing the unity of management, the coordination of actions, and the increase in the responsibility borne by the managers for the results of the activity of the subdivisions that have been entrusted to them, provision has been made for the more complete implementation of the principle of linear management. The essence of this principle consists in constructing an efficient production structure for every subdivision that is subordinate to a manager who is superior according to the administrative hierarchy. The subdivision manager must possess complete powers for the successful carrying out of the appropriate production process.

In practice all the opportunities provided by modern administrative means are not always used completely. This occurs because individual managers, depending upon the work style or work habits that have developed, frequently give their preference to a particular method which is customary for them but

which sometimes does not provide the proper effect. The recommendations contained in the GOST's are aimed at overcoming that onesidedness.

In the series of GOST's it is stipulated that the system of management organically combines the interaction of subsystems of four types: target; functional; support; and linear management. Each of them is aimed at the attainment of the basic goal of the activity, with the possibility that partial target programs can form within the subsystem. The functional subsystem guarantees the implementation of one of the functions for achieving the goals of the activity of the association or enterprise. The management support subsystem must create the conditions for the competency, substantiation, completeness, and timeliness of the formation and implementation of the administrative tasks and decisions, and the linear management subsystem must create the conditions for the immediate management of the production process and the coordination of the work of the target and functional links at every level of management.

When implementing the economic methods of management of production, special attention must be devoted to technical-economic planning and to cost accountability, and to methods of evaluating and encouraging an increase in the effectiveness of the labor performed by every participant in the production process.

At the same time, in the process of management of production it is necessary to carry out regulation, the establishment of norms, the providing of instruction, and the distributive actions. These methods provide for: the introduction of state, branch, and republic standards for output; design and technological documentation; the development and introduction of enterprise standards for the organization and management of production; the preparation and putting into effect of statutes governing the subdivisions and officials, orders, and decrees; and the providing of instruction and monitoring of their execution.

The set of GOST's recommends the application of the social and psychological factors, including the taking into account of the individual peculiarities of the members of the collective, the indoctrination of the collective's group self-awareness, the preservation and development of plant traditions, the establishment of a favorable moral-psychological climate, the planning of the collective's social development, the study and directed formation of the motivations for the labor activity of the members of the collective, and the taking of them into consideration during the administrative process.

A large amount of importance is attached to the ideological methods of management, including such methods as the indoctrination in the administrative cadres of a sense of high responsibility for the assigned job, the moral-psychological state of the collective, and the consequences of the economic activity, and the formation in the workers of a communist attitude toward labor.

The effectiveness of administrative labor depends upon the decisions that are made by the leader of production. The administrative decision contains a synthesis of all the preparatory work, the goal that must be achieved, and the

efficient methods for achieving the assigned goal. At the same time, the study of practical life shows that the people at enterprises do not always have a sufficiently clear idea of what the content of the administrative decision should be or what special requirements it must conform to. Taking into consideration the importance of the administrative decisions for the economic-production and social activity of the production collectives, the set of GOST's specially forms the requirements for those decisions. It is necessary for every administrative decision to be well-substantiated, specifically addressed, competent, uniform, and coordinated (uncontradictory), effective, concrete with regard to time, timely, complete, succinct, and precise.

It is also pointed out that the standard process of working out and implementing an administrative decision includes: the analysis of the economic-production situation for the ascertaining of the questions that need resolution; the preparation and substantiation of the necessary administrative decision; the making of that decision; the organization and coordination of the work of the collective in that direction; the evaluation of the obtained results; and the generalization of the accumulated experience. Practical life indicates that positive results are achieved only when there is a mandatory observance of all the elements that were mentioned.

The combination of the methods of management, the content of the administrative decision, the process of working it out and implementing it, in essence, characterize the style of management and organization of the labor performed by the manager. The formation of a correct management style is no simple thing to do, but it is necessary. However, many production managers do not receive special training with regard to these questions and, over the years, develop their own style, frequently limiting themselves to the school of life with the trial and error method.

The style of managing a specific type of production is characterized by the ability to combine the methods of management, the content of the administrative decisions, and their implementation. That style, naturally, depends to a considerable degree upon the manager's individual qualities. The set of GOST's gives a recommendation for conducting the formation of the management style as a purposeful process of improving the individual ideological-political, professional-organizational, and moral-psychological features of the manager. In his everyday practical activity the manager at any level must adhere to define requirements of official ethics, which include the rules for conducting business discussions, meetings, and conferences, the receiving of visitors, and forms of communicating with members of the labor collective. The manager's conduct, his interrelations with his subordinates, must correspond to socialist ethical norms that are based on the democratic principle, restraint, and the unity of the spiritual and esthetic principles.

The GOST's have recorded the requirement for the broad application in administrative work of means of computer and office-mechanization technology designed both for collective use and for individual use.

An effective, well-built, and constantly developing system of management of a production association or industrial enterprise must encompass all aspects of their economic-production activity.

Unfortunately, in everyday life it is not every manager who succeeds in creating a system that corresponds to modern requirements. Frequently this occurs because of the lack of the necessary attention to this necessary matter.

The set of GOST's offers the basic principles for constructing a system of management, its standard composition, and basic characteristics, and classifies in a detailed manner the special functions of the sets of tasks to be performed by the enterprise subdivisions. This approach is carried out with the purpose of orienting the managers, irrespective of the degree of their personal training and experience, on the planned fulfillment of a broad circle of organizational, scientific-technical, economic, social, and ideological measures that are defined by the directive documents, the general schemes for the administration of the branch, the state, branch, and republic standards, and the enterprise standards.

The introduction of GOST's governing management is an extremely complicated matter that is linked with the assimilation and interpretation of the content of those standards not only by the higher leadership at the enterprise, but also by a large circle of specialists who are required to participate in its introduction. At such time, naturally, there arise difficulties in overcoming certain ineffective methods and management habits that have developed. The matter is also complicated by the variety of the economic and administrative situations at an operating enterprise. The introduction of the set of GOST's governing management must guarantee the creation at enterprises of modern systems of management at a higher level than the existing ones.

The development and introduction of a system of managing a production association and industrial enterprise on the basis of the set of GOST's include three phases: the preplanning; planning proper; and introduction and support of the activity in conformity with the plan. Each phase is divided into stages, and the stages, in turn, are divided into individual projects.

The structuring of the projects makes it possible to substantiate their optimal composition, to reduce the labor intensity, to improve the quality of the plan, and reduce the time periods required to develop and introduce the management system.

The experiment shows that the greatest effect is achieved when developing at associations and enterprises a program for improving the management of the basis of the set of GOST's 24525. They encompass all periods of planning, levels of management (association, enterprise, subdivisions, executors), and phases of creation of the system (preplanning, planning, introduction). These programs must assure the even and balanced distribution of projects among the executors and calendrical periods; the maximum expansion of the work front by involving all the subdivisions in them; the reduction of the periods of time required to create the management system by means of series-parallel planning. It is important to establish a system of priorities and a sequence for executing the projects.

At enterprises participating in the experimental introduction, irrespective of the branch to which they belong, the scale of production, the forms and methods of organizing the production processes, the nature and peculiarities of the management structure, and the degree of automation and mechanization of management, one observes the implementation of the principle of constructing the system on the basis of the combination of target, functional management and linear management. As a result, order is introduced into the administrative activity of the subdivisions of the management apparatus, there is an efficient redistribution of the administrative tasks among the enterprise departments and services, new tasks and their subsequent regulation and resolution are ascertained, and duplication is precluded.

In a number of instances, at such time the enterprises, in conformity with the established procedure, make the necessary changes in the organizational structure of management. For example, the Moselektroapparat Association in Moscow has created a production and shipments planning department, which has been given some of the functions of the production-dispatching department (with regard to time-responsive planning of production) and some of the functions of the sales department (with regard to the planning of shipments), and this is supposed to promote the elimination of the gap between the production orders portfolio and the production plan.

Today one can sum up certain results of the carrying out of the measures stipulated in the set of GOST's, at a number of production associations and industrial enterprises that have been included in this interesting and promising work. As a rule, there is a rather large number of enthusiasts there, and one can discern the striving to locate new, previously unused reserves, to raise the level of economic and technical leadership, to reinforce discipline, and to develop the creative participation of the specialists and all the rest of the workers. Naturally, one cannot feel that the set of standards, in and of itself, is "self-starting." Without a doubt, it is necessary for the responsible individuals to take a purposeful, serious, and thoughtful approach to this important matter, which is at the stage of experimental introduction. But the results that have already been obtained in many labor collectives make it possible, in our view, to conclude that, as a whole, the introduction of the set of GOST's contributes to the increase in the effectiveness of production and the quality of the work as a result of the planned and efficient use of all the technical, economic, organizational, and social possibilities and the mobilization of the intraproduction reserves for the attainment of the basic goals of the activity of the association or enterprise.

We would like to give several examples. At enterprises of Mintyazhmash [Ministry of Heavy and Transport Machine Building] which are the base ones for the experimental introduction of the set of GOST's, the volume of production is 1980-1983 increased by 12.8 percent; there was a saving of 832,000 rubles worth of raw and other materials, more than 11,000 tons of standard fuel, and more than 13 million kilowatt-hours of electrical energy; and the administrative expenses were reduced by 70,000 rubles. At the Donetskgormash Production Combine in that ministry during the period that was mentioned, the

share of output with the state Quality Seal increased from 19.3 to 40 percent, and output valued at 280,000 rubles was manufactured in excess of the plan.

Consistent and well thought-out work is being carried out to introduce the principles of the set of GOST's at the Sumy Machine Building Production Association imeni Frunze, of Minkhimash [Ministry of Chemical and Petroleum Machine Building]. As a result of the steps that were taken during the two-year period the share of output with the state Quality Seal, in the volume of output that undergoes certification, increased from 79.1 to 86.3 percent; the economic benefit resulting from a raising of the technical level of production came to 6.7 million rubles; there was a saving of 3200 tons of rolled ferrous and nonferrous metals, 9.9 million kilowatt-hours of electrical energy, and 4100 tons of standard fuel; output valued at 11.5 million rubles was sold in excess of the established plan; 8 million rubles of additional profit was received; and the personnel turnover rate was reduced by 8.3 percent.

At the Straume Plant in Riga, of Minlegpishemash [Ministry of Machine Building for Light and Food Industry and Household Appliances], in 3.5 years the share of output with the state Quality Seal increased, achieving 50.4 percent; and labor productivity increased by 36.3 percent. The number of work stations with high labor efficiency came to 72 percent. The plant was awarded the title of "Enterprise with high production efficiency." The percentage of involvement of the workers in the brigade form of labor organization there has increased from 67 to 80.3 percent.

There has been a noticeable improvement of the work at the production associations of Minneftekhimprom [Ministry of Petroleum Refining and Petrochemical Industry] -- Krasnyy Treugol'nik, Dneproshina, Slantsekhim imeni Lenin and the Voronezh Synthetic Rubber Plant imeni S. M. Kirov -- as well as the Kiev Production Knitwear Association imeni R. Luxemburg, of UkrSSR Minlegprom [Ministry of Light Industry], and other associations that are actively introducing the set of GOST's.

The practice of the experimental introduction confirms the hypothesis to the effect that the set of GOST's will be able to unite the numerous comprehensive management systems that are in effect and that control: the quality of output; the quality of output and the effective use of resources; the increase in the effectiveness of production; the increase in the effectiveness and the quality of the operations; etc. It is this that will give a more precise orientation to the enterprises in using the advanced experience in this area.

Of course, this new and complicated matter is fraught with rather sizeable difficulties, primarily those of an organizational nature.

The managers of certain ministries, associations, and enterprises have been devoting insufficient attention to the experimental introduction of the GOST's.

The lead and base organizations at all the ministries have not been actively carrying out their role in rendering assistance with regard to scientific methodology to the principal enterprises in the experimental introduction of the set of GOST's.

The process of studying and assimilating the principles stated in the set of GOST's and the methodological materials pertaining to its introduction has proven to be more prolonged than had originally been supposed, particularly because of the terminological discrepancies in the literature dealing with the management of production and the practical work of the appropriate specialists in the industry.

The lack of any uniform formulations has become a large inconvenience, inasmuch as we are talking about the working language of all those who were engaged in administrative labor. Taking into consideration the complicated terminological situation in the area of the management of production, as well as the fact that, without a uniform understanding of the terms, it is impossible to organize the assimilation of the new standards, the first attempts have been made in the set of GOST's to give explanations for the terms that have been used, in the form of a reference-type appendix. That appendix includes 61 basic terms, including such terms as "object of management," "intraproduction cost accountability," "controlling effect," etc. It would seem that, in the process of the experimental introduction and subsequent discussion, it will be possible to achieve a sufficient refinement of the terminological part of the GOST's and to use that terminology as a refined working language.

During the period of the experimental introduction of the set of GOST's, it is necessary to resolve a number of tasks. First of all, the ministries and enterprises will have to weigh carefully all the advantages of the GOST's, evaluate their strong points, and determine the elements that require the improvement of their content and the methods of their introduction. It is necessary to analyze the introduction of the set of GOST's under the conditions of the associations and enterprises participating in the economic experiment, for improving management under the new work conditions. It is also necessary to prepare recommendations for the application of the principles stated in the set of GOST's for the brigade form of organization of labor. The ministries and departments are required to sum up the results of their experimental introduction in the branch by 1 January 1985 and to report on the basic technical-economic and social results. In 1985 it will be necessary, jointly with USSR Gosstandart and the departments that have been developing the set of GOST's, to summarize the results and prepare the set for approval for broad dissemination.

Simultaneously USSR Gosstandart and the USSR ministries and departments are required to develop and carry out a system of measures to prepare the branches of industry for the broad introduction of the set of GOST's, having stipulated the development of the interbranch and branch normative-methodology documents dealing with the improvement of the management of the association and enterprise; the publication of methodological literature; a system of measures to organize the broad instruction and raising of the level of proficiency of the specialists in the field of management; the propagandizing of the role and importance of improving management; the organizing of the generalization and propagandizing of advanced experience in the area of management; the granting to the enterprises of larger rights in questions of changing the organizational structures of management; the creation at the enterprises, with

the limits of the established number, of specialized subdivisions for the improvement of management; etc.

This will make it possible within the 12th Five-Year Plan to introduce the set of GOST's broadly into industry, thus contributing to the resolution of the tasks that have been posed by the Communist Party for the development and improvement of the forms and methods of management of the economy.

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## PLANNING AND PLAN IMPLEMENTATION

### GOSPLAN OFFICIAL URGES STRICT OVERALL PLAN IMPLEMENTATION

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[Article by D. Shmelev, chief of the scientific subdivision for checking and analyzing fulfillment of USSR Gosplan national economic plans, under the rubric "The Plan and Economic Practices": "Put Plan Fulfillment Under Strict Control"]

[Text] 1984 -- the next to the last year of the 11th Five-Year Plan, is over. Certain conclusions may be drawn from the generalized statistical data. The basic economic-political result of production activity in the past year is that the working people under the guidance of the Communist Party, greatly expanding socialist competition, achieved substantial successes in developing the national economy and strengthening the country's defense potential.

A certain increase in efficiency has been achieved as a result of production intensification through more complete utilization of production potential and scientific and technical advances, higher labor productivity, and more economical expenditure of material resources. All this taken together has made it possible to increase national income -- the main indicator of the economy's development -- in the amount envisioned in the annual assignment and to achieve 94 percent of the increase in industrial output and all of the increase in the volume of railway shipping and construction-installation work through increased labor productivity.

There is positive progress in practically all sectors of the national economy. Industry, especially its leading sectors -- power engineering, the gas industry, machine building, and metallurgy -- has surpassed annual plan assignments. The rate of growth of output totaled 4.4 percent in 1984 (as compared to a planned 3.8 percent). The consolidation and further development of the successes achieved in this field will be a strong foundation for developing the entire economy in 1985 and in the future.

There are successes in developing electric power engineering, especially atomic power engineering. Power units with 1 million kilowatts have been brought up to projected capacity at the Kursk and Chernobyl atomic power plants. The largest power unit in the world, with a capacity of 1.5 million kilowatts, is being incorporated at the Ignalina power plant, a power unit with a capacity of 1 million kilowatts has been put into operation at the Kalinin atomic power plant, and the projected capacity of a 1.2-million

kilowatt power unit has been incorporated at the Kostroma GRES. The rapid development of the gas industry has helped increase fuel extraction. The commissioning of highly productive wells has made it possible to increase gas extraction and labor productivity in this sector. At the present time ferrous metallurgy is producing hundreds of brands of steel and a substantial amount of shaped sizes of rolled metal, pipe, and hardware. This diversity of metal output makes it possible to insure further reduction in its metals consumption and accelerated development of atomic power engineering, machine building, electronic engineering, instrument building, and other sectors which are making increasingly higher demands for metal quality.

By increasing the production of automated and semiautomated lines with automatic tool replacement, machine tools with digital programmed control, and robots, the structure of machine building output was improved.

Climatic conditions in the past year were unfavorable for developing farming, especially for raising grain and a number of other agricultural crops, but rural working people surmounted the difficulties and successfully completed the harvest. In 1984 kolkhozes and sovkhozes managed to overfulfill the plan for state purchases of animal husbandry products. Along with other measures carried out by the party and government, this made it possible to create the necessary foodstuff resources in the country as well as raw materials for the uninterrupted operation of industry.

Transportation, especially railroad transport which not only fulfilled but also overfulfilled the freight turnover plan, played a large role in activating economic life and insuring greater rhythm in the functioning of enterprises. The technical-economic indicators of its work also improved somewhat: the average railroad car weight and train section speed increased; car downtime for loading and unloading was reduced, and so on.

The realization of the decree of the CPSU Central Committee and USSR Council of Ministers "On Improving the Planning and Organization of Hauling National Economic Freight and Passengers and Intensifying the Impact of the Economic Mechanism on Increasing Work Efficiency and Transport Organization" was of fundamental significance in this work. The decree established a complex of measures aimed at using transportation's material-technical base as efficiently as possible, balancing the needs of the national economy and population for hauling, setting up rational economic ties for output deliveries with consideration for minimal expenditures, distributing hauling efficiently among the types of transport, and so on.

Of course, the amount of fixed capital put into operation is one of the important general economic indicators which determine the growth rate of production and national income. In the last years of the 11th Five-Year Plan, 200 large industrial enterprises and a substantial number of projects in agriculture, transport, and the municipal-housing and social-domestic spheres were put into operation each year. Such vast projects as the Baikal-Amur Mainline, on which regular traffic has begun throughout its length, and the Urengoy-Tsentr Gas Line have joined the ranks of operating systems. The efficiency of capital investments has been increased. Thus, the volume of incomplete construction relative to the total volume of capital investments

declined from 81 percent in 1983 to 79 percent in 1984 -- it is approaching the norm.

The increase in national income made it possible to allocate the necessary resources not only for developing production but also for increasing public well-being. Personal incomes by labor and from social consumption funds are expected to be at plan level.

Noting the significance of this fact, General Secretary of the CPSU Central Committee K.U. Chernenko said in his speech at a meeting of the CPSU Central Committee Politburo: "And the most important thing, comrades, is that the changes taking place be favorably reflected in the living standard of the Soviet people and that the growth of real personal incomes be accelerated. And this is the main criterion of the correctness of economic policy and the accuracy of the line worked out."<sup>1</sup>

In order to correctly evaluate the real state of affairs in the development of the economy, focus efforts on unresolved tasks, consolidate the positive trends noted in the national economy, and bring up lagging sections, a clear conception not only of successes achieved but of difficulties is needed.

In order to insure the fulfillment of the growth rate in output production planned for the end of the current five-year plan period and compensate for the underfulfillment of the plan for 1981-1982 and the five-year plan assignments for these years, particularly in such sectors as the petroleum extraction industry, the chemical industry, the mineral fertilizer industry, and the light, forest, and fruit and vegetable industries, the rates of growth in industrial development achieved in the two previous years must be accelerated in 1985 and in the future.

Insuring that all enterprises fulfill the plan is of great importance in order to increase the growth rate of industry. At the present time 1 out of every 10 industrial enterprise does not fulfill the plan for volume of output production and 1 out of 6 -- the plan for increased labor productivity and financial results. Calculations show that if these enterprises could be brought up to the level of those who fulfill the plan, the rate of development of industry would increase by more than a whole percentage point, not to speak of labor productivity growth and the reduction in the prime cost of output.

The discipline of delivering output by contract and order should be further strengthened in order to insure the continuous and rhythmic work of all sectors of the national economy. Today 28,100 (or 76 percent) of production associations and enterprises in industry are involved in contract obligations for output deliveries. As report data shows, many enterprises are successfully handling or have closely approached complete fulfillment of contract obligations. In particular, industries of the Belorussian SSR light industry, the Ukrainian SSR food industry, and the Lithuanian SSR local industry are 100 percent fulfilling the plan for deliveries under contract and Ministry of Heavy and Transport Machine Building and Ministry of Electrical Equipment Industry enterprises have closely approached doing so. The Moscow Automotive and Tractor Electrical Equipment Plant and the Leningrad Svetlana

Production Association have been systematically satisfying all consumer demands under long-term contracts.

Along with this, however, a substantial number of enterprises and building sites in industry are not coping with the delivery plan and are seriously violating contract discipline. In particular, USSR Ministry of Coal Industry, Ministry of Chemical Industry, Ministry of Mineral Fertilizer Production, Ministry of Timber, Pulp and Paper, and Wood Processing Industry, and Ministry of Fruit and Vegetable Industry enterprises are not fulfilling contract obligations. One of the reasons is that although bonus payments are dependent on the degree of fulfillment of assignments for output deliveries under contracts and orders, shortfalls in this field are often covered by weightier supplements for other indicators. Moreover, there are often cases where contracts enterprises conclude with consumers do not cover the entire amount of output by orders assigned by USSR Gossnab organs. Existing contracts are now being refined and new ones concluded for delivery of output needed for cooperative production and delivery of goods to trade organizations in 1985. USSR Gossnab and Gosarbitrash [State Arbitration Commission] organs must intensify control in this work and stop cases of refusal to conclude contracts and orders.

A good additional contribution to improving all economic activity and increasing the intensification and efficiency of production is more complete use of the production potential created, scientific and technical advances, the work force, and material-technical resources.

With our enormous amount of capital construction, fixed capital of an estimated worth of more than 130 billion rubles is put into operation in our country every year. In recent years the use efficiency of production funds in industry, agriculture, transport, and construction has slightly increased. Nonetheless, analysis shows that the increase in fixed capital in industry still outstrips the increase in output production, which attests to the inadequate efficiency of new production capacities put into operation.

The universal implementation of a system of certification and rationalization of work positions at enterprises could eliminate this discrepancy, identify and utilize reserves better, and increase production efficiency. This would make it possible to eliminate superfluous work positions and balance them with the available work force while focusing the liberated resources in more highly productive work positions.

Positive experience in certification and rationalization of work positions has been accumulated in a number of enterprises in Kuybyshev and Dnepropetrovsk oblasts. For example, the Dnepropetrovsk Combine Plant imeni K.Ye. Voroshilov collective, whose activity to increase the use efficiency of production capacities on the basis of the certification of work positions and their rationalization was approved by the CPSU Central Committee, substantially raised the shift factor for equipment, increased the output-capital ratio, and liberated more than 700 superfluous and obsolete machine tools. In the first six months of 1984 alone, the volume of output production for this enterprise increased by 11 percent; labor productivity increased by 13 percent; and about 100 workers were liberated. Other qualitative work indicators of this

enterprise were also improved: the entire increase in production volume was achieved by increasing labor productivity; contracts to deliver output to consumers was fulfilled fully and on schedule; and more than 80 percent of the output was produced with the state Mark of Quality, and so on.

The Dnepropetrovsk combine builders have many followers, above all in their own sector. The collectives of the Tashkent Tractor Plant, the Minsk Tractor Plant, and Melitopol Tractor Hydraulic Unit Plant are conducting fruitful work. A total of more than 20,000 work positions were eliminated in the sector's enterprises through certification during the five-year plan.

The experience of the Dnepropetrovsk people has been adopted at enterprises of other sectors as well. Thus, a special commission whose members include leading workers and specialists conducts all the work to certify work positions at the Ryazan Machine Tool Building Production Association. They inspect work positions, develop measures to improve production and labor organization and introduce progressive technology in accordance with the demands of scientific organization of labor, and make suggestions to liberate superfluous equipment. Along with certifying work positions, technically substantiated performance norms are being introduced. For example, in the first stages of certification, the share of technically substantiated performance norms at the Ryazan Automatic Unit Plant in basic production has already reached 84 percent, and in auxiliary production -- 82 percent.

In the decree "On the Experience of the Collective of the Dnepropetrovsk Combine Plant imeni K.Ye. Voroshilov in Increasing the Use Efficiency of Production Capacities on the Basis of Certifying Work Positions and Rationalizing Them," the CPSU Central Committee noted that improved organization of production and labor on the basis of certifying work positions is of great national economic importance and an effective form of realizing the course of the 26th CPSU Congress and the subsequent Central Committee Plenums to increase the economy's efficiency, and has obliged USSR ministries and departments, councils of ministers of Union and autonomous republics, and ispolkoms of local Soviets to carry out measures to disseminate this experience widely.

The movement to raise the shift coefficient of equipment work and reach projected labor intensity also helps improve the utilization of production funds. The work brigade, where the main part of the labor intensity of output (and consequently, the indicators of prime cost and labor productivity as well) is formed, has become the main link in the movement to find ways to reduce projected labor intensity at the Uralsk Railroad Car Construction Plant imeni F.E. Dzerzhinskiy and out-of-date norms are being revised through improving technology, increasing the quality of articles, and utilizing equipment better. As a result, the collective brought the labor intensity of the railroad car up to the projected level a year earlier than scheduled.

Nonetheless, ministries and departments still devote too little attention to questions of achieving projected labor intensity. Actual labor intensity at many enterprises launched and reconstructed in 1976-1983 exceeded projected indicators. The highest proportion of these enterprises are in the USSR Ministry of Coal Industry, Ministry of Mineral Fertilizer Production, Ministry

of Petroleum Industry, Ministry of Fruit and Vegetable Industry, and Ministry of Chemical Industry.

The advantages which extensive introduction of collective forms of labor organization and stimulation give are of great importance in order to utilize the work force better and insure the planned increase in labor productivity. Today approximately two-thirds of the workers in industry work in brigades, as do more than 80 percent of the workers in construction, and more than 90 percent of those in kolkhozes and sovkhozes. The brigade form of labor organization has been most widespread at enterprises of light industry, agricultural machine building, and the electrical equipment and machine tool building industries as well as at enterprises of the fishing industry, ferrous metallurgy, and the automotive and milk and dairy industries. In this way, significant quantitative results have been achieved. It is now necessary to transfer most of the brigades to the category of comprehensive brigades which use cost accounting and work on a single order with payment according to final results. As practice has demonstrated, such brigades have been able to increase labor productivity by 8-12 percent.

Improved norm-setting has a substantial impact on increasing labor productivity. But the labor of a substantial part of workers in industry is not subject to norms. In machine building norms at many enterprises are empirical-statistical, while some existing norms which are considered technically substantiated have been weakened by the introduction of various adjustment coefficients. Important transformations in labor and the conversion to collective forms of labor organization and payment have also not been properly reflected in norm-setting.

Undoubtedly, much experience has been accumulated in our country in this work. Thus, the labor of 90 percent of those working at the Magnitogorsk Metallurgy Combine is covered by technically substantiated norms. Current norms are checked at the beginning of each ensuing year and the plan for improving labor norm-setting is composed taking this into account. In 1983 alone, 600 people were liberated at the combine by revising norms.

Planning administrations and departments of the ministries and departments of the USSR and Union republics must check to see that existing norms and labor standards at enterprises correspond to contemporary achievements in engineering, technology, and production organization, identify obsolete and incorrectly set norms (taking account of the introduction of brigade forms of labor organization), and replace them with more progressive ones.

In contemporary conditions, the development of science is a necessary condition of economic progress. Much is being done in our country to extensively introduce scientific and technical advances into production. The successes in this field are indisputable. However, assignments to introduce new equipment (in particular to incorporate new types of output and introduce progressive technology and mechanization and automation of production processes) are being underfulfilled in the USSR Ministry of Power and Electrification, Ministry of Chemical Industry, Ministry of Ferrous Metallurgy, Ministry of Coal Industry, Ministry of Light Industry, and Ministry of Machine Building for Light and Food Industry and Household

Appliances. As a rule this occurs because of delays in building new and reconstructing existing enterprises. Thus, the USSR Ministry of Power and Electrification did not keep within the time periods established for it to put power transmission lines into operation: the 1,500-kilowatt DC Ekibastuz-Tsentr line and the 1,150-kilowatt AC Ekibastuz-Kokchetav-Kustanay line. USSR Ministry of Ferrous Metallurgy fulfilled only one-third of corresponding assignments to increase production of nonnickel and economical alloyed corrosion-resistant steel. Work to increase the volumes of continuous teeming of steel and teeming of killed steel into ingot molds with the use of heat-insulating linings which conserve a great deal of metal is being carried out slowly in the ministry. As a result, assignments established for the five-year plan period are not being fulfilled.

The attention of planning and production-technical administrations of ministries and departments must be turned to serious shortcomings in realizing scientific-technical programs, especially in Ministry of Electrical Equipment Industry, Ministry of Machine Tool and Tool Building Industry, Ministry of Machine Building for Light and Food Industry and Household Appliances, and Goskomsel'khoztekhnika enterprises. These shortcomings are primarily a result of incomplete support of assignments with financial and material-technical resources and violation of the time periods for putting production capacities into operation and reconstructing enterprises.

As was noted above, while results of work in 1984 were generally satisfactory, certain enterprises and ministries did not fulfill a number of indicators established for the year. One of the causes of this situation is that too low assignments were established for the first quarters of the year while the main burden was borne by the fourth quarter and even December (thus, in capital construction 55 percent of the annual assignment to put fixed capital into operation was left for the fourth quarter). Difficulties arose in fulfilling the annual plans for extracting petroleum and producing synthetic resins and plastics, lumber, knitted outer garments, and others types of output. The proportion of enterprises in the USSR Ministry of Mineral Fertilizer Production and Ministry of Light Industry and Glavmikrobioprom [possibly Main Administration of the Microbiological Industry] which did not fulfill assignments to increase labor productivity was extremely high.

In certain ministries and departments (in particular at many Ministry of Gas Industry, Ministry of Heavy and Transport Machine Building, Ministry of Mineral Fertilizer Production, Ministry of Light Industry, and Ministry of Food Industry enterprises), monitoring of the accurate planning of indicators on increased labor productivity has deteriorated and underestimated assignments are tolerated.

The transfer of assignments on production volume, labor, and profits to the last month of the quarter or the last months of the year disorganizes production, has a great adverse effect on increasing labor productivity, and impairs correct indoctrination of personnel. Underestimation of production plans takes place, in particular, at Georgian enterprises. As Georgian SSR Gosplan data shows, the volume of industrial production for January-September 1984 for the sum of enterprise plans was envisioned with a 2.4 percent increase over the corresponding period of 1983, but the actual

increaase was 6.1 percent. This underestimation occurred mainly at Union-subordinate enterprises.

This frequently leads to a violation of the planned ratio between increased labor productivity and the increase in wages. Thus, the increase in average wages at many USSR Ministry of Petroleum Refining and Petrochemical Industry and Ministry of Light Industry enterprises outstrips the increase in labor productivity. This confirms the fact that the corresponding subdivisions of the ministries do not properly monitor the planning of these indicators.

The CPSU Central Committee and the government attach great significance to conserving material resources. USSR ministries and departments, USSR Gosnab organs, people's control organs, and Union Republic councils of ministers have been charged with the continual monitoring of rational use of materials in production. In the past year work to conserve the consumption of ferrous rolled metal products, cement, timber products, boiler-furnace fuel, and heat and electricity has been conducted more energetically. Nonetheless, not all production associations and enterprises have coped with the assignments established. Large losses of fuel-energy resources took place at a number of enterprises of ferrous metallurgy, the coal and light industries, and the industry to produce mineral fertilizers and building materials. Enterprises of heavy and transport machine building allowed excessive consumption of fuel for smelting steel and rolled metal products as compared to plan assignments, while enterprises of the electrical equipment industry allowed excessive consumption for casting metal.

There are also similar shortcomings in the Union republics. For example, only 4 percent of the 1984 assignment for conserving fuel and electricity was fulfilled in the first half of the year in the Uzbek SSR, while the corresponding figure for the Tajik SSR was 3 percent. In the Kazakh SSR 224 million kilowatt-hours of electricity were overexpended, instead of the planned savings.

The cases cited illustrate the fact that the USSR and Union republic ministries and departments which are called on to insure the economical and rational consumption of material resources have not yet orga nized strict control over the consumption of raw and processed materials, fuel, and energy at enterprises.

Prime cost occupies an important place among the components of production efficiency. This indicator makes it possible to judge how rationally production funds and material, labor, and financial resources are being utilized. The 1984 plan envisioned a substantial amount of savings going to cover expenditures envisioned in the State Budget by reducing prime cost. Preliminary data shows that plan assignments to reduce prime cost and socialist obligations to additionally reduce prime cost by 0.5 percent adopted by the collectives of production associations and enterprises are being basically fulfilled.

Nonetheless, as the periodical press has indicated, certain production associations and enterprises are allowing excessive consumption of resources to produce output. The proportion of such enterprises is high in the

USSR Ministry of Light Industry, Ministry of Coal Industry, Ministry of Timber, Pulp and Paper, and Wood Processing Industry, and Ministry of Fruit and Vegetable Industry. Among the Union republics, actual prime cost exceeded planned prime cost in the Uzbek, Tajik, and Turkmen SSR's; this involves serious shortcomings in the work of the cotton ginning industry. As for construction ministries, only USSR Ministry of Construction, Ministry of Construction in the Far East and Transbaykal Regions, and Ministry of Installation and Special Construction Work contract organizations managed to reduce the prime cost of construction-installation work. USSR Ministry of Construction of Heavy Industry Enterprises and Ministry of Power and Electrification construction organizations allowed the greatest overexpenditures of capital. And it must be noted that, as the analysis of data on inspections of projects where standard time periods for incorporation of projected capacities ran out shows, overexpenditures through deviations of actual prime cost from projected prime cost in 1983 totaled hundreds of millions of rubles.

This means that reducing the time to achieve the projected labor intensity of output in all sectors of industry is an important source both for increasing output production and for reducing its prime cost. The decisions of the December 1983 Plenum of the CPSU Central Committee call precisely for this.

One of the paramount measures of the party and government to raise the people's living standard is more complete satisfaction of the needs of the Soviet people for foodstuffs and consumer goods.

The realization of the Food Program adopted at the May 1982 Plenum of the CPSU Central Committee occupies an important place. Only two years have passed but a substantial amount of work has been accomplished in that short time: the highest volume of agricultural output was obtained in 1983; and the results were no worse in extremely poor weather conditions in 1984. Total production of agricultural output for 1983-1984 was approximately 20 million rubles greater than for the first two years of the 11th Five-Year Plan. Positive changes occurred in animal husbandry: average annual production of milk increased by 7.4 million tons; meat -- by 1.4 million tons; and eggs -- by 4.6 billion. Production of vegetables and fruits increased.

The extensive development of land improvement work -- a decisive means of increasing land fertility -- is important for a further upsurge in agriculture. The October 1984 Plenum of the CPSU Central Committee examined the question of the Long-Term Program of Land Improvement and increasing the efficiency of utilizing improved lands in order to steadily increase the country's food stockpiles. The decree adopted at the Plenum seems to concretely define and further elaborate the decisions of the 26th Party Congress in the field of raising the Soviet people's well-being. The area of irrigated and drained land is to be expanded by a factor of 1.5; this will allow production of crop-farming output to be doubled. As a result of implementing this plan, the country will be able to obtain half of all farming output from improved lands alone, and this will actually be independent of weather fluctuations.

Retail trade turnover has increased in the current year as compared to last year. Further positive advances have occurred in its structure. It was

expressed in particular in higher sales of meat, meat products, milk, and dairy products. For example, 8 percent more meat and meat products were supplied to trade in 1984 than in 1983; the corresponding figure for milk and dairy products was 6 percent; and for animal fat -- 7 percent. This had the effect of lowering prices for animal husbandry products on the kolkhoz market.

Nonetheless, the capacity of the Soviet market is systematically increasing. USSR Ministry of Trade and Tsentrrosoyuz and their local organs are obliged to more persistently try to saturate trade with the necessary high quality commodities from industry in order to better satisfy the consumer's needs.

Work to improve output quality is of paramount importance in increasing the efficiency of social production. A number of items with high quality features were incorporated and are being produced this year, with due regard for scientific and technical advances. Among them are: turbogenerators and hydraulic turbogenerators; tractor and combine diesel engines with increased service life; electric gantry cranes; and instruments and system units to control processes in atomic power plants. The assortment has been expanded and the quality of cotton fabrics and knitted goods has been improved. The plan for producing commodities with the Mark of Quality has been fulfilled.

The decree adopted by the CPSU Central Committee and the USSR Council of Ministers "On Measures to Accelerate Scientific-Technical Progress in the National Economy" helped significantly to fulfill this plan; through the decree certification of industrial output by two quality categories -- highest and first -- was introduced beginning in 1984. Articles not certified in these categories are subject to withdrawal from production.

However, high output quality has not yet become the norm everywhere. It is obvious from report data that the proportion of output with the state Mark of Quality is inadequate at enterprises in Turkmenia, Uzbekistan, and Tajikistan. Complaints about the low quality of cotton ginning equipment, certain brands of washing machines and televisions, metal cutting machine tools, footwear, and sewn garments are being received. According to Ministry of Construction of Petroleum and Gas Industry Enterprises data, a large number of pipe layers stand idle mainly because of their low reliability. There were cases at the Yerevan Tarun Garment Plant where up to 100 percent of the articles being produced were rejected. Low quality footwear is being produced by the Chita Leather Shoe Combine and the Leninabad Shoe Factory.

The CPSU Central Committee and the USSR Council of Ministers attach paramount importance to improving the management and planning of the economy. To do this, they decided to implement additional measures to expand the rights of industrial production associations (enterprises) in planning and management activity and increase their accountability for work results and to conduct a large-scale economic experiment in the Ukrainian SSR Ministry of Heavy and Transport Machine Building, Ministry of Electrical Equipment Industry, and Ministry of Food Industry, the Belorussian SSR Ministry of Light Industry, and the Lithuanian SSR Ministry of Local Industry, beginning in 1984.

Slightly more than a year has passed since this decree was published. Analysis of the work of enterprises of the USSR and Union republic ministries

and departments transferred to the economic experiment shows that production efficiency has been substantially improved: the entire increase in production was obtained through increasing labor productivity; both USSR ministries closely approached complete fulfillment of output deliveries on contracts and orders; while three republic ministries completely fulfilled this indicator. Moreover, other indicators of economic activity have also been significantly improved (labor productivity, reduced prime cost of output, and production of highest quality category output).

In this way, the test which has been made of the theoretical points included in the experiment has shown that the direction chosen in the activity to improve the economic mechanism was correct. The first results of the experiment are significant justification for its broader dissemination. Nonetheless, the new conditions of management are not yet being utilized to the full extent; this attests to shortcomings in economic work at enterprises.

It must be noted in conclusion that additional opportunities and resources are always identified when plans are being fulfilled. They are hidden above all in the incomplete utilization of production potential created, the work force, and raw and processed materials. Putting all this at the service of the national economy is the duty of working people and managers of enterprises and building sites.

#### FOOTNOTE

1. PRAVDA, 16 November 1984.

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"Planovoye khozyaystvo". 1985.

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## PLANNING AND PLAN IMPLEMENTATION

### IMPROVEMENT OF OPERATIONAL PLANNING TECHNIQUES PROPOSED

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[Article by A. Borodkin, doctor of economic sciences; Z. Bogdanovich, candidate of economic sciences; and V. Popova, candidate of economic sciences: "Operational Production Planning: Experience and Ways of Improvement"]

[Text] An important factor in increasing the efficiency of the management of a production association (enterprise) is the improvement of the methods and techniques of operational production planning. Its task is to organize the harmonious and rhythmic work of all links of the enterprise and its structural subdivisions (production systems, shops, sections and workplaces) for the timely release of output in the established volume and products list under the most efficient use of production resources.

The study of the state of operational production planning in the associations and enterprises of a number of industrial sectors of the Ukrainian SSR carried out by the Ukrainian branch of the NIIPiN [Scientific Research Institute for Planning and Standards] has shown that it still does not fully meet contemporary requirements for the management of production and is in need of further improvement. At many enterprises, there are no annual or five-year plans for measures to improve it. This, in our opinion, has a negative impact on the organization of all economic work.

One of the reasons for this situation is the lack of a unified normative document regulating the organization of operational production planning in industry. The standardized method of continuous operational production planning (in accordance with the experience of the NEVZ (Novocherkassk Electric Locomotive Building Plant)) was worked out by the Scientific Research Institute for the Organization of Management and Standards under the USSR Gosplan (now the NIIPiN) and was confirmed in 1964. It played an important role in increasing the evenness of production. But some enterprises formally copied the NEVZ system and therefore the results of this assimilation did not always lead to an improvement in production indicators.

In the 20 years since the confirmation of the standardized method, a number of very important decrees have been adopted for further improving planning and the economic mechanism and for accelerating scientific-technical progress. Many associations and enterprises have accumulated considerable experience in operational production planning and therefore individual positions of the

indicated method have become obsolete and others need to be made more precise or to be renewed. Some sections, in the organization of operational records and control over the implementation of planned tasks, for example, should be supplemented through new system positions.

The systems of operational production planning in force in enterprises often do not ensure an even release of output in a given products list. The planning practice that has developed is not always formalized in an organized manner: instructions or positions have not been worked out regulating plant conditions for the functioning of the adopted system, its interrelation with technical and economic planning, and the obligations of the functional services of the enterprise.

The study of the state of operational production planning at a number of Ukrainian SSR ministries and their VPO's [All-Union Production Association] has shown that not enough attention is being paid to questions involved in the improvement of operational plans at the enterprises. Thus, in the Ministry of Machine Building for Light and Food Industry and Household Appliances and the Ministry for Chemical and Petroleum Machine Building, there are no subdivisions responsible for this important sector of economic work. In their systematic positions, sector institutes resolve individual tasks in the improvement of operational production planning but not systems as a whole. In the Ukrainian SSR ministries of the food and coal industries, normative documents have not been worked out for the organization of operational production planning in the sector. In the Ministry of the Machine Tool and Tool Building Industry and the Ministry of Construction, Road, and Municipal Machine Building, there are sectorial instructions but in them there is no observance of unified systematic approaches to their structure and content, calendar-planning standards, introduction of a dispatcher system, operational accounting and control of the implementation of planned tasks. This is also one of the reasons why the enterprises are not working smoothly.

These circumstances require the preparation of standard systematic positions on operational production planning in industry based upon a unified systematic approach to the formation of plans for the work of enterprises with different types of production and aiding in the timely and qualitative implementation of the tasks of the state plan as well as in the smooth work of enterprises and their structural subdivisions. On the basis of the systematic positions that are worked out, the ministries and departments must prepare sectorial instructions reflecting the special features of operational production planning in subordinate associations and in enterprises. It should be noted that positive experience in such planning has been accumulated in a number of associations and enterprises of light industry of the Ukrainian SSR, where systematic positions (recommendations) have been worked out that consider its special features in individual subsectors of industry. The coordination of the work of organizing operational production planning is carried out by the Central Scientific Research Institute for Technical-Economic Research in Light Industry (TsNIITEI-legprom), which prepared systematic recommendations for the assimilation of a system of continuous operational production planning and the introduction of a dispatcher system in the sewn goods association. They were tested at the Moscow production sewn goods associations Bol'shevichka, Vympel, and Zhenskaya Moda, at the Gorkiy sewn goods association Voskhod, at the Rostov sewn goods

association for the sewing of light clothing, and elsewhere, and they received a positive evaluation, as their application helps ensure a more even release of output and raise production efficiency. To a considerable degree, the level of organization of operational production planning is determined by the degree of fullness of calender-planning accounting, which must provide for the preparation of cyclical schedules of basic and general assembly and consolidated schedules for the execution of orders. It must also determine whether or not one is ahead of schedule in deliveries of components and purchasing (completing) products for assembly as well as the duration of production cycles, the receipt of unfinished work pieces and the machining of components.

Surveys have shown that many enterprises do not use cyclical schedules, there are no data on the estimated and actual duration of production cycles in the manufacture of items, and no consideration is given to the sequence of the introduction of items into production, the amount of work in progress and work ahead of schedule and the size of batches.

The calendar-planning standards for each parameter of planning at a number of enterprises are determined not on the basis of technical-economic calculations contingent upon the complexity of output, the presence of materials, demand and available production equipment, but empirically, which has a negative impact on the determination of the throughput capacity of flows and conveyors as well as of the equipment workload and production capacity of individual shops, production systems and enterprises as a whole.

An important role in the development and economic justification of drafts for annual plans and correspondingly for other calendar periods (month, 5-day period, day) belongs to the passport of a production association or enterprise, the content of which should be amended every year. It certifies the production possibilities of an association or enterprise as the totality of the means of production and manpower and physical resources for the release of output. The data of an association's passport, however, are rarely used in calculating the annual or quarterly production program and often it is maintained negligently and is not a document of strict accountability. In 1983, the planned assortment of output of enterprises in the republic's light and food industry, subject to being released and confirmed by the ministries, as a rule, does not correspond to the production capacities of the enterprise as indicated in the passport but is determined by raw material resources. The role of these resources is obvious, of course, but it is not possible to plan their procurement without being oriented toward the capacities of the processing enterprises.

Much importance in operational production planning is assigned to preparing production. Considerable experience has been accumulated in this matter in the enterprises. At the Kiev Machine Tool Building Production Association imeni Gor'kiy, for example, a unified operational plan-schedule is worked out at the beginning of the year for the preparation and implementation of production, regulating the release of output. It has three divisions. In the first, base models are indicated for machine tools and products with their annual output. The second involves the planned nature of the work for the technical readiness of production (issuance of drawings and specifications, development of industrial processes, routing cards, etc.) and their executors are determined. And the third substantiates the provision of metal, complementary items, unfinished

work pieces and finished components as well as the assembly and commodity output for the most important types of work by month of the current year and designates the release of machine tool complements (machine sets). The schedule is confirmed by the general director of the association and, on this basis, the production dispatching department works out a quarterly listed plan-schedule of production separately for procurement, mechanical and assembly shops with an indication of the number of machine tools to be released in each month.

Study of the process of preparing production at enterprises of other industrial sectors gives evidence of the fact that this concept is sometimes given a different content. Thus, in the sewn goods industry, it includes not only the development of the design-technological documentation of new models but also various measures in the organization of production. The process that has developed in the sector for preparing production includes the holding of two trade fairs that help in the formation of a production program on the basis of a preliminary assortment of models. At the trade fair for the purchase of materials, questions are decided that involve the provision of the proper sort of fabrics for models planned for release and, at the trade fair for the sale of finished output to trading organizations, models are selected with consideration given to consumer demand.

A schedule is then worked out for introduction of models into production and for the shipment of products. And thereby plans are coordinated for production, material and technical supply and marketing. All quarterly planning documents are worked out within 45 days and the monthly documents within 10 to 20 days. As experience shows, such a system contributes to the smooth work of the enterprises.

Intershop and intrashop planning has great importance for the further increase in the role of operational production planning in the uninterrupted and even release of output. On the basis of a general plant quarterly program, tasks are worked out for each shop for the month, 10-day period, 5-day period, day and, when possible, for the shift and hour. At enterprises with series and mass types of production, releasing output with a short production cycle, it is possible to carry out calendar planning for short periods of time for the entire set product mix. For example, in the light, food, metallurgical and other sectors of industry, the economic planning division presents to each shop a quarterly production plan with its distribution by months in the assortment and in monetary terms. The monthly shop plan in the assortment is distributed by each day of the 5-day period for all shifts. The daily plan for the shift (brigade) is calculated on the basis of the confirmed monthly plan for the production of output, the number of work days in the month and the planned number of workers. In machine building and instrument building, it is often impossible to establish a daily target for the release of output in the products list because of the peculiarities of production. Here there are plans for the production of only individual unfinished work pieces and components. Where possible, however, the shops should be given listed targets for the release of output with an indication of the calendar period.

Operational production planning is closely linked with operational accounting of the production of output and the movement of semimanufactures in production. Its task includes the establishment of the conditions for the even implementation

of the production program in its full volume, assortment and according to models and the fulfillment of measures to prevent and eliminate shortcomings in the production process.

The methods of operational accounting for the implementation of planned targets at each enterprise flow from the adopted system of intershop production planning, centralized or decentralized. The organization of operational accounting for the movement of semimanufactures in production and the fulfillment of production targets for the shift and day, cumulatively from the beginning of the month, and also for brigades, sections, shops and the association as a whole depends upon the amount and type of production, the complexity of the industrial process, the assortment of products, the territorial distribution, the presence of computer equipment, and other factors. Also influencing its organization is the establishment of a dispatching system for production. Experience shows that in the sewn goods sector of industry at the head enterprise it is expedient to organize a centralized dispatching service and to do so in the branches depending upon the centralization of basic shops and services. Under centralization of preparatory-cutting production, stores of raw material and finished output in the branches, it is enough to establish an operational group (operator, dispatcher). With decentralization, a dispatching service is needed. In independent sewn goods factories, it is essential to organize a dispatching service analogous to the service of the association's head enterprise. At the basis of the organization of the Vinnitsa Podol'ye Association, whose experience is worthy of the attention of other associations and enterprises, is the principle of a unified centralized and integral transmission of information through all administrative levels and production links.

In resolving operational and technical questions, all managers of shops and sections and also the workers of the services for operating industrial and energy equipment are subordinate to the dispatching service of the enterprise. Thus, this is a central coordinating and administrative authority of the entire production process. It coordinates the work of all shops, sections and services for the even release of output and carries out operational control of the production process.

Operating in its structure are the groups raw materials, finished output, and operational management. The first group keeps a record of the presence of materials (according to article, size and coloring) and controls the completion of calculated series of sewn articles with the necessary materials. If the materials are not on hand for the completion of articles, it makes proposals to the production department on the substitution of materials or models.

The group for finished output carries out operational accounting of the movement of semimanufactures and finished output for each model, calculates series of sewn goods in accordance with a scale of sizes, controls the agreements and specifications of trading organizations, issues tasks to the preparatory shop by fabrics and covering, and controls the observance of the limit of uncompleted production for the entire production cycle and the implementation of the plan for each model.

The basic tasks of the operational management group include the uninterrupted supplying of shops and sections with materials, control over the correctness and timeliness of the batching of the cutting, recording the downtime of industrial equipment, systematic control of the timely implementation of production tasks by brigades and sections, accounting for the release of output by quantity and assortment and for the delivery of finished production to the warehouse, control of the passage of experimental batches of new models in the production process, implementation of the orders of management in production questions (preparation of dispatcher conferences, analysis of the implementation of planned tasks, servicing of the dispatcher communications system, and the taking of measures to prevent and eliminate violations of the course of the production process).

The assimilation of a system of operational production planning and the introduction of a dispatcher system in an association helps to improve the organization of the preparation and planning of production and its management, coordinate production plans with supply plans, provide for the timely preparation for the assimilation of new types and models of sewn goods, implement daily accounting for the presence and movement of materials for all parameters, and improve the fulfillment of the orders of the trading organizations.

Operational production planning is influenced by operational accounting, the level of which is not identical at the surveyed enterprises and does not always meet the demands put on it. The enterprises of the light and food industry of the Ukrainian SSR have accumulated a certain amount of experience in its organization. Of particular interest is the organization of operational accounting for the movement of semimanufactures in production and for the release of finished output at the enterprises of the Ukrainian sewn goods industry. In the shops of the sewn good associations, its objects are the fulfillment of the planned task by the shop and its sections in the assortment in terms of quantity (start-up and release) and in terms of volume and the movement of semimanufactures through the operations of the production process.

The basis for operational accounting is routing sheets and invoices formalizing the delivery of finished semimanufactures or finished sewn goods. On the basis of the indicated documents, the corresponding annotations are made to the monthly schedules for the release of output by the shop and section. The route sheet is the basic document both for production accounting as well as for fixing contributions to the state fund to finance social insurance benefits.

The use of the routing system helps to bring about a significant improvement of the work in the calendar planning of the production process and the day-to-day regulation of the course of production, to reduce the volume of initial documentation and planning-accounting work, to ensure strict observance of industrial discipline, and to control the correspondence of manufactured items (components) to the quantity of materials (unfinished work pieces) issued. The routing sheet serves as an accompanying document reflecting the movement of batches of sewn goods from shop to shop in all operations of the production process.

The introduction of operational accounting helped in the increased evenness of the release of output characterized by a number of indicators, whose analysis

is being carried out for different periods of time including the year, quarter, month, 10-day period, and individual days in the work of the association. In addition to the traditional indicators, increased use was made of those such as the relative share of the release of output during the third month of the corresponding quarter in the total volume of output for the quarter and of the release of output in the fourth quarter in the overall volume of output for the year. In Ukrainian industry, extensive use is made of the indicator of the evenness of the production of output not according to 10-day periods but by work weeks (the Ukraina, Yunost' and Kashtan associations, the candy factory imeni K. Marx, and elsewhere). For the purposes of operational control over the implementation of the production program as well as better use of equipment and the achievement of evenness of work in the associations of the sewn goods industry in each shop as well as within the shop for individual products and also in the brigades and sections, use is made of the daily calculation of the coefficient of the evenness of the release of output, which is included in the bonus system.

In surveys of sewn goods production associations, the coefficient of the evenness of the release of output was 0.99 in 1983, and it was 1.0 in the Yunost' production association.

An analysis of the primary documents used in operational production planning, dispatching and the operational accounting of the planned tasks for the release of output in the product mix as well as in terms of cost shows that even as the enterprises of a single sector, these documents are quite varied both in composition and in the nature of the information.

As a result, the economic information contained in the documentation is not always utilized in the day-to-day management of production. Unfortunately, work is not being carried out to standardize and unify the documents in most ministries, especially in those involved in machine building.

The utilization of economic-mathematical methods and computers makes it possible to solve a complex of tasks in operational production planning more precisely and efficiently. Experience has already been accumulated in presenting to the shops and workplaces extensive annual (quarterly) enterprise plans, in calculating calendar planned targets for the production of output, and in coordinating the time periods for the implementation of individual stages of the production process.

At most enterprises with ASUP [automated system of enterprise management] departments, the operational planning of basic production is carried out at the intershop level for basic production shops, supply and intermediate warehouses, and intershop transport services, and at the intrashop level for individual sections, machines and workplaces.

The realization of the tasks of operational production planning through the use of computers determines the consistency of the implementation of the work in production subdivisions right down to the workplaces and solves the problem of the temporal distribution of resources essential for the implementation of the production program. The choice of economic-mathematical models and methods for the resolution of tasks depends upon the type of production and the organization of the system of planning and management at a specific enterprise.

Independently of the specific features of the enterprise in the elaboration of operational plans, computers help in drawing up calendar plans-schedules that show which jobs will be performed at which workplace and when, making it possible not only to prepare for their implementation but also facilitating the delivery of essential raw materials and semimanufactures.

Worthy of attention is the experience in the organization of operational accounting and control of the implementation of production tasks under the conditions of the functioning of the ASUP at a number of Kiev machine building associations (Tochelektronmash, Elektronmash, Krasnyy ekskavator, and others). On the basis of the processing of primary documents on the accounting for the production and movement of semimanufactures (routing sheets, delivery invoices, job authorizations and others), the ASUP services inform the managers of the enterprise and shops of the state of the implementation of production tasks. The issued tabular forms contain the results of calculations performed on the basis of data from design documentation: data on shop industrial routes in the machining of components, packages and other assembly units; on the corresponding standards for overtaking the production of output for procurement, machining and assembly shops; and on the planned and actual quantities of products released by production subdivisions by shift and day. Information on the fulfillment of planned tasks is issued not only to shops but also to sections and within the latter to brigades. It makes it possible to work out more justified decisions on the regulation of the production process. Whereas previously operational decisions were made, as a rule, only on the basis of signaling information documents, at the present time the managers of subdivisions and enterprise services receive systemic operational information reflecting different aspects of the organization and work of the enterprise. This makes it possible on a day-to-day basis to resolve questions involving the distribution of planned tasks among shops, sections, brigades and workplaces, to identify sections that are holding back the release of output, and to determine the possibilities for the provision of physical resources. Under this approach, different functions of operational production planning are tied together in a single complex that includes planning, accounting, control and regulation, which makes it possible to influence efficiently production processes and to strive for the smooth work of shcps and enterprises as a whole.

The study of the existing practice of operational production planning and of the literature on this problem permits one to conclude that it is essential to prepare a new standardized document regulating its organization in industry and model systematic positions on the organization of operational production planning in industrial production. In our opinion, it should include the following divisions: general positions, selection of planning-accounting units depending upon the types of production and the applied systems of operational production planning, methods of determining calendar-planning standards, methods of calendar planning, development of calendar plan-schedules for the production of output, introduction of a dispatcher system, operational accounting and control of the implementation of tasks, application of computer technology, and obligations of the functional services.

Naturally, the structure of the model systematic positions can be different. In the process of discussion, it can be made more precise and each division can be supplemented with the corresponding content.

These are some methodological and organizational questions involved in the further improvement of operational production planning, whose resolution largely determine the increase in the efficiency of production in each association and enterprise.

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## INVESTMENT, PRICES, BUDGET AND FINANCE

### CAPITAL ACCUMULATION EFFECTIVENESS CRITERIA EXAMINED

Moscow PLANOVYE KHOZYAYSTVO in Russian No 1, Jan 85 pp 112-114

[Article by P. Karpov: "On the Criterion of Economic Efficiency of the Accumulation Fund"]

[Text] The task to further intensify agricultural production posed by the May 1982 and October 1984 Plenums of the CPSU Central Committee requires a deeper study of the evaluation indicators of economic growth. The most important of them is the criterion of economic efficiency of the accumulation fund, without which scientific management of expanded reproduction and identification of additional reserves for development of the economy is impossible. The realization of the economic interests of the working people is interrelated to the increased efficiency of the accumulation fund.

There are various approaches in literature to defining this economic category. The assertion of certain economists that a direct indicator of the efficiency of the accumulation fund is its correlation with the actual increase in production funds seems somewhat limited. Their increase expresses the embodiment of capital investments in production funds and does not reflect the influence on the production process and its factors. Especially as capital investments characterize the realization of the accumulation fund incompletely. The authors of this viewpoint as a rule do not take account of that part of the fund which is directed to nonproduction accumulations and recruitment of additional work force. They believe that the development of the nonproduction sphere through capital investments cannot be considered a production expenditure of capital, inasmuch as the process of consumption is occurring here. Therefore, the yield of this capital can be compared with those changes which are observed in the life of rural working people and with indicators of their increased well-being rather than with production results.

The level of utilization of these elements of accumulation has a great influence on increasing labor productivity. The economic significance of nonproduction funds is in reproducing the work force, increasing the level of its skills, and satisfying the people's nonmaterial demands. After all, the accumulation of use values in itself does not expand production. This process presupposes effective utilization of accumulated production capital. Only under this condition is the accumulation fund converted from a potential production force to a real one. On the other hand, public ownership is

accomplished through all funds. But consideration of the criterion of efficiency only through fixed production capital limits its realization.

Proposals to consider the increase in gross income, net income, or the consumption fund in this capacity do not disclose the content of the criterion either. As a rule, in order to substantiate such viewpoints the argument is made that the effect of the accumulation fund is materialized in the increase in newly created product, through which individual and collective needs are satisfied. Therefore, supposedly, the greater this product is, the broader the opportunity to increase the well-being of the working people and develop production, and the higher the efficiency of the accumulation fund; that is, the growth rate of newly created product is actually taken as the criterion.

It seems that this viewpoint does not fully express the essence of the efficiency of the accumulation fund. Gross and net income and the consumption fund are created only through live labor. Their dynamics express the increase in the productivity of live labor but do not reflect expenditures of past labor. However, the question of its conservation is becoming increasingly more urgent both for social production as a whole and agricultural production in particular.

Of course, an enormous amount of fixed production capital has been accumulated in the country's kolkhoz-cooperative sector. In 1983 it was valued at 113.3 billion rubles. It has increased by a factor of 4 as compared to 1965. The volume of capital investments increases every year. While they averaged 6.7 billion rubles per year in the 8th Five-Year Plan, in 1983 the figure was already more than 13.2 billion rubles. Obviously, the higher the technical composition of fixed production capital which is reflected in the increase in the capital-labor ratio, energy and electricity intensiveness, and mechanization of labor, the more urgent the problem of conserving past labor. This problem stems from the patterns of scientific-technical progress and the increased scope of agricultural production which cause an increase in the amount of production capital being used. V.I. Lenin pointed out this feature: He wrote: "The progress of technology is expressed in the fact that human labor is increasingly relegated to the background as compared to the labor of machines."<sup>1</sup> But this does not mean that the significance of conserving live labor is lessened. The growth of its productivity is the initial form of expression of economic efficiency of production which changes as a result of using the accumulation fund.

In our opinion the problem of the efficiency of the accumulation fund must not be equated with the efficiency of capital investments, although most capital investments are handled through this fund. But the accumulation fund does not only include increased production funds but also increased reserves and stockpiles, including objects of consumption for work force newly enlisted in production which enables accumulated production capital to be used more fully. Large reserves for obtaining additional output which often do not require substantial capital expenditures are concealed here. On the other hand, this problem is becoming especially urgent in kolkhozes because of the reduced size of the work force. Consequently, the criterion of the accumulation fund should reflect total expenditures of the newly enlisted part of live and embodied labor. This definition makes it possible to avoid a one-sided

approach when evaluating measures to increase its efficiency since the movement of expenditures of live and embodied labor can be of the opposite nature.

The criterion of the economic efficiency of the accumulation fund is a complicated, many-sided category which characterizes the level of development of production forces and production relations. Its content is completely characterized by the goal of socialist production, which is determined by basic economic law. In the process of expanded reproduction, socialist society faces the paramount task -- to insure a "steady upsurge in the material and cultural living standard of the people, create the best conditions for all-round development of the individual on the basis of a continued increase in the efficiency of all social production, increased labor productivity, and the increased social and labor activism of the Soviet people."<sup>2</sup> Reflected in this are the relationship of the participants in production to the material-technical conditions of labor, the link in the development of production forces and production relations, and the results of their functioning from the standpoint of this system of production relations.

The social aspect of the criterion reflects the degree of realization of the process aimed at surmounting the substantial differences between the city and the countryside, and mental and physical labor, and demonstrates the level of development of the infrastructure and nonproduction funds.

It seems that it is improper to consider the efficiency of accumulation in isolation from the factors which participate in expanded reproduction, that is, means of labor, objects of labor, and the work force, through which the accumulation fund is realized. The level of their use depends on the dynamics, proportions, and structure as well as the efficiency of fixed and working production capital.

The criterion under study is a measure of the results of the economic activity of a cost-accounting enterprise or farm since it is planned and carried out within the framework of the entire society. Consequently, indicators of production efficiency oriented to general conservation of expenditures of both live and embodied labor as well as growth in output production are a concrete form of its manifestation on the cost-accounting level. In other words, the criterion of the economic efficiency of the accumulation fund on the cost-accounting level is identical to indicators of production efficiency and can be expressed by the relationship of the increase in gross income to the increases in fixed production, nonproduction, and working capital and expenditures for increasing reserve and insurance funds for additionally enlisted work force: [see next page]

$$K_{\Phi} = \frac{\Delta B_x}{(\Delta \Phi_{ocn} + \Delta \Phi_{on} + \Delta \Phi_{nep} + \Delta B_n - \Delta \Phi_k)}$$

where  $K_{\Phi}$  — is the criterion of efficiency of the accumulation fund;

$\Delta B_x$  — is the increase in gross income in the past year;

$\Delta \Phi_{ocn}$  — is the increase in fixed production capital;

$\Delta \Phi_{nep}$  — is the increase in nonproduction capital;

$\Delta \Phi_{on}$  — is the increase in working capital;

$\Delta \Phi_k$  — is the increase in fixed production and nonproduction capital through renovation;

and  $\Delta B_n$  — is the increase in expenditures for increasing reserve and insurance funds.

This approach to determining the criterion orients expanded reproduction to increasing labor productivity and the output-capital ratio and reducing materials consumption and reflects the overall result of the realization of the accumulation fund.

Of course, this does not exhaust the content of the criterion of the efficiency of the accumulation fund at kolkhozes. It is many-sided. Functions related to improved labor conditions, labor's increased creative character, liberation of live labor as such, increased free time, and the development of the social infrastructure are inherent in the content of the criterion. They will keep growing as the communist society is constructed. Such functions as preserving and renewing the fertility of the land are no less important.

In the formula cited, the numerator expresses the size of the increase in gross income for the time period being compared. Part of it is used for accumulation, determining the rate of expanded reproduction. But there are also other factors which influence both the share of the accumulation fund and further expansion of production. This is above all the output-capital ratio. The lower it is, the greater the increase in deductions needed for the accumulation fund. Moreover, the norm and mass of gross income change under the influence of increased labor productivity and the reduction in the share of the compensation fund.

The content of the denominator is controversial. In particular, many economists reject the efficiency of fixed nonproduction capital as a component. Nonetheless, other conditions being equal, the method we propose gives a quantitative definitiveness to the efficiency of the accumulation fund.

The analysis of factors which influence the patterns that govern the process of increasing the efficiency of the accumulation fund must not be restricted by the composition of the accumulation fund itself. With the increased scope of production, the significance of the compensation fund and the influence of renewal of depreciation deductions on the reproduction of fixed production capital increase. In this case, in order to insure the adequacy of the criterion of efficiency, we single out the increase in fixed production and nonproduction capital through renewal.

However, not all the elements of fixed production capital have an equal influence on increasing the efficiency of the accumulation fund. It depends to the greatest extent on the proportion of the active part (machines, equipment, transport means) in the composition of fixed capital for agricultural purposes which is being accumulated. The increase in funds leads to an increase in the capital-labor ratio, which influences labor productivity. Slower growth of the means of mechanization as compared to fixed capital impedes the growth rate of labor productivity and reduces the efficiency of capital investments.

The scope of the introduction of more productive implements of labor created on the basis of the achievements of scientific-technical progress, their level of utilization, natural-climatic conditions, the quality of land, power available to farms, the productivity of animals, and the amount and quality of fertilizers being applied affect the efficiency of the accumulation fund.

In conditions of intensified kolkhoz production, the efficiency of the accumulation fund stems in many respects from the location and structure of production, the development of specialization, and concentration and interfarm cooperation, which help increase labor productivity. Moreover, fundamental differences in the fund availability and ultimately in labor productivity are related to the narrow specialization of kolkhozes when they produce certain types of output. This results in differences among farms in the ratio of expenditures of live and embodied labor when producing output and, consequently, in the value and physical content of the accumulation fund and its efficiency.

Calculations for kolkhozes of Voronezh Oblast done in accordance with the proposed method show that the size of the criterion of efficiency of the accumulation fund in these farms totaled: 0.15 rubles on the average per year of the 10th Five-Year Plan; 0.46 rubles -- in 1981; 0.03 rubles -- in 1982; and 1.33 rubles -- in 1983.

The reduced efficiency of the accumulation fund in the 11th Five-Year Plan was in many respects a result of changes in the output-capital ratio, which declined from 0.42 rubles in 1980 to 0.36 rubles in 1982.

The increase in the return from the accumulation fund in 1983 to 1.33 rubles was caused by higher purchase prices. This created favorable economic conditions for further development of sovkhozes and kolkhozes; they must be utilized in every possible way to intensify agricultural production.

FOOTNOTES

1. V.I. Lenin, "Polnoye sobraniye sochineniy" [Complete Works], Vol 1, p 78.
2. "Materialy XXVI s'ezda KPSS" [Materials of the 26th CPSU Congress],  
Moscow, Politizdat, 1981, p 136.

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INVESTMENT, PRICES, BUDGET AND FINANCE

CONFERENCE ON PRICE DYNAMICS, ECONOMIC GROWTH HELD IN SUZDAL

Moscow PLANOVYE KHOZYAYSTVO in Russian No 1, Jan 85 pp 120-121

[Article by N. Omel'yanenko, candidate of economic sciences, and A. Simonyan, under the rubric "Scientific Life": "Price Dynamics and Economic Growth"]

[Text] The Interdepartmental Scientific Council on Problems of Price-Setting of Goskomtsen [USSR State Committee for Prices] and the USSR Academy of Sciences, the Institute of Economics of the USSR Academy of Sciences, and the Scientific Research Institute on Price-Setting of Goskomtsen held the All-Union Expanded Coordinating Conference on the Problem of "Prices and Economic Growth" in Suzdal.

Discussed at the conference were questions related to establishing the objective causes of the origin of certain trends in price movement, analyzing patterns in the formative period and development of these trends, and identifying the correspondence of price movement to the process of reduced socially necessary expenditures of labor and the cost of a unit of output. Reports by Doctor of Economic Sciences V. Cheplanov (Scientific Research Institute of Prices), Doctor of Economic Sciences A. Deryabin (USSR Academy of Sciences Institute of Economics), Candidate of Economic Sciences N. Chekhlov (USSR Goskomtsen), Candidate of Economic Sciences V. Yefremov (Scientific Research Institute of Economics of USSR Gosplan), and Doctor of Economic Sciences V. Nemchinov (Scientific Research Institute of Prices), and a number of other speeches noted that not only objective factors (the deterioration of conditions for extracting fuel-energy and raw materials resources, changes in the location of production, and so forth) are the basis of the existing trends in price movement in certain sectors of industry. Shortcomings in organizing work to introduce the achievements of scientific-technical progress into production, distributing capital investments among regions and projects, converting sectors to a primarily intensive path of development, and so forth also affect price dynamics. The divergence in price dynamics and socially necessary expenditures of labor is explained primarily by the faster growth of wages as compared to the growth rate of labor productivity which was observed in a number of sectors in the second half of the 1970's. The elimination of the undesirable phenomena mentioned would more than compensate for the action of the negative objective factors. In this connection, the reports by Doctor of Economic Sciences I. Salimzhanov (Management of Affairs of the USSR Council of Ministers), Doctor of Economic Sciences O. Ozherel'yev (Leningrad State

University), Candidate of Economic Sciences D. Shekoyants (Armenian SSR Council of Ministers), and Doctor of Economic Sciences N. Moiseyenko (Moscow State University) noted that the organs of planned price-setting should not allow shortcomings in the work of certain ministries and departments to be offset by increased wholesale prices. Prices cannot be simply a copy of actual expenditures. They should be an active instrument of planned formation of production costs.

The conference participants devoted a great deal of attention to the question of establishing price dynamics most favorable for economic growth. The report by Doctor of Economic Sciences Yu. Borozdin (USSR Academy of Sciences Central Economics-Mathematical Institute), Doctor of Economic Sciences A. Zav'yalkov (Belorussian Institute of the National Economy), Candidate of Economic Sciences A. Kryukovaya (USSR Academy of Sciences Institute of Economics), and Candidate of Economic Sciences M. Popov (Institute for Advanced Study at Leningrad State University) from various viewpoints examined the idea that the approach to establishing trends in price movement should be determined on the basis of the most general strategic tasks of the plan for economic and social development of the country rather than by individual tasks which arise in one sector or another of material production. Taking this point as the basis, doctors of economic sciences O. Volkov (Moscow Institute of the National Economy imeni G.V. Plekhanov) and M. Kokorev (USSR Academy of Sciences Institute of Economics) showed the need to stimulate progressive structural advances in social production through corresponding changes in the levels and ratios of prices.

Reports by Doctor of Economic Sciences V. Bogachev (USSR Academy of Sciences Institute of Economics), Chairman of the Turkmen SSR Goskomtsen E. Nazarov, Candidate of Economic Sciences S. Kirillov (USSR Academy of Sciences Institute of Economics), and a number of others analyzed immediate and more remote consequences of increasing (reducing) wholesale prices, above all on implements of labor; this enabled the conference participants to come to the general opinion that wholesale prices should be lowered by improving the work of all sectors of the national economy. And the process of renewing production funds is made substantially easier, additional opportunities to reduce ongoing and one-time expenditures are created, the ratio between expenditures of live and embodied labor is improved, and so forth; this has a positive influence on production intensification.

In the opinion of most of the conference participants, in conditions of the planned organization of social production, there are real opportunities which are not being fully utilized to establish a definite scheme of price movement over a prolonged time period. Questions related to practical methods for establishing a declining trend in wholesale price movement aroused animated debate. Reports by Doctor of Economic Sciences V. Torbin (Scientific Research Institute of Prices), Candidate of Economic Sciences S. Rodin (Higher Economic School of USSR Gosplan), Chairman of the Kirghiz SSR Goskomtsen A. Chonoyev, and Doctor of Economic Sciences V. Volkonskiy (USSR Academy of Sciences Central Economics-Mathematical Institute) substantiated the position that price dynamics depend above all on the selection of the normative base of expenditures used when they are set. And Doctor of Economic Sciences V. Volkonskiy proceeded from the assertion that establishing prices on the

level of average expenditures, all the more so on the basis of expenditures of the best enterprises in the sector, cannot stimulate economic growth. In his opinion prices should be determined according to incremental expenditures. However, this viewpoint provoked a retort from most conference participants, who introduced convincing arguments which affirmed the need to form prices on the basis of the best enterprises in the sector. In their opinion only these prices will have a real economic impact on the level of expenditures, accelerated introduction of results of scientific-technical progress, and utilization of the experience of the leading enterprises.

Reports by Doctor of Economic Sciences N. Shekhet (Moscow State University) and Candidate of Economic Sciences M. Gveseliani (Georgian Academy of Sciences Institute of Economics and Law) demonstrated that to a significant extent price dynamics depend on the determination of the profit and profitability norms used in price-setting. Doctor of Economic Sciences V. Torbin and Doctor of Economic Sciences N. Moiseyenko noted the intolerability of figuring these norms by the "needs" of sectors for self-financing, covering various losses, and so forth. The conference participants expressed the opinion that tasks to manage the level and dynamics of prices should be established with due regard for the multiple inverse relationships by which an increase or reduction of the profit norm leads to a greater increase (reduction) in current production costs. Consideration of this circumstance makes it possible to find realistic ways to reduce the general price level. In the opinion of N. Chekhlov, deputy chairman of the Vladimir Oblispolkom, oblast planning commission chairman and Candidate of Economic Sciences Yu. Dmitriyev, and Chairman of the Armenian SSR Goskomtser R. Svetlovaya, stabilization of wholesale prices for the next five-year plan period is one of the basic conditions for carrying out this work.

The question of the influence of prices on new output (means of production and consumer goods) and on the general dynamics of wholesale prices was subjected to thorough analysis in the reports by Chairman of the Georgian SSR Goskomtser M. Megrelishvili, Doctor of Economic Sciences A. Gogoberidze (Scientific Research Institute of Prices), Chairman of the Vladimir Oblispolkom T. Sushkov, and Doctor of Economic Sciences A. Malafeyev (Leningrad Institute of Economic Research) and in other speeches. The result of the debate was the conclusion that absolute and relative price reduction must be insured when planning prices for new types of output in order to maintain wholesale price dynamics most favorable for economic growth. In order to do this, persistent work to improve the methodology and procedures for determining prices for new production-technical output should be carried out. Thus, in the opinion of Candidate of Economic Sciences N. Omel'yanenko and Candidate of Economic Sciences B. Atobayev (Ashkhabad Institute of the National Economy), the real economic effect of using new output in the national economy must be more thoroughly taken into account, and attention must be focused on applying price sanctions on those enterprises and associations which continue to produce outdated output rather than on spreading the economic impact among the producers and consumers of the new output. This may be accomplished, for example, by sharply reducing prices not only for output being replaced but for all output in which a new design or technological concept included in the new output may be used.

In their speeches Chairman of the Tajik SSR Goskomtsen A. Borzenko, First Deputy Chairman of the RSFSR Goskomtsen D. Nikitin, and Candidate of Economic Sciences B. Lipsits (Scientific Research Institute of Prices) indicated the need to eliminate shortcomings in procedures for determining prices for new output.

The conference participants came to the conclusion that efforts being undertaken by organs of planned price-setting toward timely regulation of prices in accordance with changes in conditions of production and consumption of output can be more effective if a number of complex questions of managing price dynamics are put in order. Therefore, economic science must work out practically acceptable proposals in the near future.

During the conference it was revealed that there is an objective link between the effect of prices on economic growth and the activation of other economic instruments. Insuring that price-setting and the financial-credit system influence the rate of economic growth in the same direction is of special significance here. In this connection, the decision was made to conduct a coordinating conference (in the first half of 1985) on the problem of the interaction of price-setting and the financial-credit system.

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